



Country Commercial Guide Lebanon

2008



Embassy of the United States of America
Beirut - Lebanon

A large group of diverse people, including men and women of various ages and ethnicities, are gathered in a circle. They have their hands raised, touching or near each other, creating a sense of unity and community. The background is dark, making the people and their hands stand out. In the center of the circle is a large red heart. At the top of the image, there is a white banner with the Johnson & Johnson logo in red script. The overall mood is one of care, support, and collaboration.

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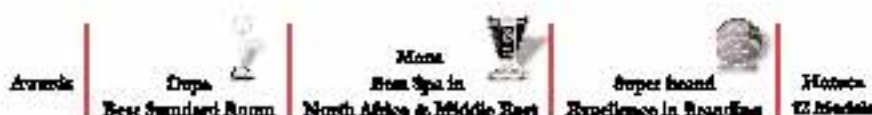
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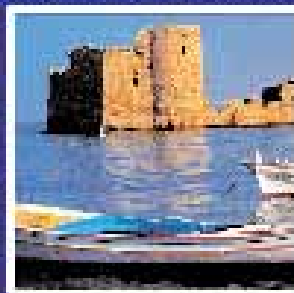
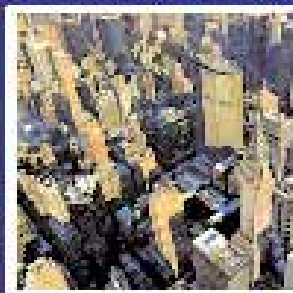
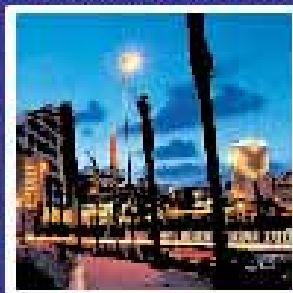
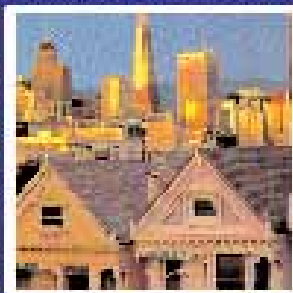
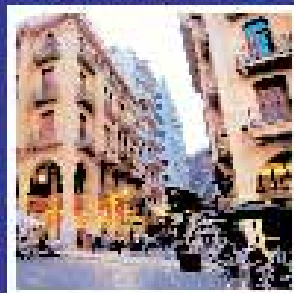
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2008

Chapter 01

Doing Business in Lebanon

- ➔ *Market Overview*
- ➔ *Market Challenges*
- ➔ *Market Opportunities*
- ➔ *Market Entry Strategy*

➔ Market Overview

- ★ Lebanon has many investment-enabling strengths that have encouraged foreign companies to set up offices in recent years. These strengths include a free market, a strong laissez-faire commercial tradition, a highly dollarized economy, the absence of controls on the movement of capital and foreign exchange, strict bank secrecy, a highly educated labor force, a good quality of life and limited restrictions on investors. However, the war in July 2006 followed by domestic political and security instability have severely impacted economic growth and led to a slowdown in investments.
- ★ Real GDP growth is estimated at three percent in 2007, according to the Central Bank of Lebanon. Nominal GDP is estimated at about \$24.6 billion in 2007, with inflation estimated at five percent. GDP per capita is estimated at approximately \$6,560 although there are no clear figures on Lebanon's current population. The Central Administration of Statistics estimates Lebanon's population in 2004 at 3.75 million, excluding Palestinians in the camps and seasonal workers. This figure has been adopted by the IMF and local banking sources for 2007.
- ★ According to Lebanese Customs statistics, during the first nine months of 2007, Lebanon's total imports reached \$11.4 billion and total exports reached \$2.6 billion. The U.S. ranked as Lebanon's third largest source of imports, after Italy and China, and ahead of France and Germany. U.S. market share for Lebanese imports reached eight percent.
- ★ According to U.S. Department of Commerce statistics, U.S. exports to Lebanon decreased by 18 percent in the first 11 months of 2007 compared to the same period in 2006, reaching \$727 million. Lebanese exports to the U.S. grew by 21 percent in the first 11 months of 2007, reaching \$98.6 million.
- ★ French, Italian, German, British, Korean, and Chinese companies have won most government tenders over the past several years. This can be attributed to the travel ban which delayed the physical presence of U.S. nationals in the Lebanese market to bid on projects until 1997, and tied bilateral financial protocols between Lebanon and some European countries, which provide grants and soft-term loans. However, U.S. companies are expected to gain more market share in 2008 due to the weakness of the dollar in relation to Euro.
- ★ The U.S. has neither a bilateral investment treaty (BIT) with Lebanon nor an agreement on the avoidance of double taxation. However, on December 1, 2006, the U.S. signed



a Trade and Investment Framework Agreement (TIFA) with the Government of Lebanon to help promote an attractive investment climate, expand trade relations, and remove obstacles to trade and investment between both countries.

➔ Market Challenges

- ✦ Foreign companies investing in Lebanon still face some impediments such as bureaucratic red tape and corruption, arbitrary licensing decisions, complex customs procedures, archaic legislation, an ineffectual judicial system, high taxes and fees, high telecommunications and power charges, varying interpretation of laws and a lack of adequate protection of intellectual property. Some foreign companies have left the market or relocated their regional offices to neighboring countries, or refrained from investing in Lebanon at all, because of frustration resulting from these impediments.
- ✦ Lebanon has legislation to provide intellectual property rights (IPR) protection. However, enforcement is weak. Lebanon was elevated to the Priority Watch List in 2001, where it remains, due to rampant cable piracy (80 percent of Lebanon's population buy pirated content, one of the highest rates in the world), ambiguous data protection and pharmaceutical piracy, widespread availability of pirated optical media, and computer software piracy. Since 2006, Lebanon has taken a few positive steps to address the United States' concerns, including cable piracy. Moreover, the Lebanese police established a new cyber-crime and anti-piracy unit. The Brand Protection Group and the Ministry of Economy launched Lebanon's first large-scale national awareness campaign on counterfeit products. A new IPR advocacy group was launched and the Lebanese judiciary issued two positive decisions on long-pending IPR cases filed by Microsoft, Adobe, MGM, Disney, Time Warner, and Warner Brothers. However, progress was sharply halted by the war in July 2006. After the war, all the government's efforts were focused on reconstruction, and few, if any, laws were enacted.

On November 2, 2007, the U.S. Embassy in Beirut held an intellectual property rights (IPR) forum in collaboration with the U.S. Patent and Trademark Office (USPTO). The presentations focused on copyright, trademarks, patents, and enforcement issues. Over 180 people attended the seminar, including attorneys, judges, prosecutors, and members of both the public and private sectors.

➔ Market Opportunities

- ✦ According to U.S. Department of Commerce statistics, U.S. exports to Lebanon decreased by 18 percent in the first 11 months of 2007 compared to the same period in 2006, reaching \$727 million. According to Lebanese Customs, major U.S. exports to Lebanon include mineral fuel (28 percent), automotive goods (15 percent), machinery and appliances (15 percent), prepared foodstuff, beverages and tobacco (13 percent), chemical (nine percent), vegetable products and cereals (eight percent).
- ✦ There are opportunities for attracting foreign investors in infrastructure projects. The Council for Development and Reconstruction (CDR) is responsible for tendering and

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procuring funding for government physical infrastructure projects, including electricity, telecommunications, roads and public transport, social infrastructure including education, public health, social and economic development, land use and environment, basic services including water supply, wastewater and solid waste management, and productive sectors including agriculture, irrigation, ports, airports, tourism, and government buildings. According to the latest CDR progress report issued in September 2007, there are 650 projects in progress for a value of \$2.376 billion. Public infrastructure opportunities mainly lie in roads and highways, ports, electricity, education, solid waste, wastewater and water supply. As of end 2006, the CDR had a total of \$1.8 billion in loans and protocols ratified by the Lebanese parliament but not yet disbursed. As of end September 2007, the CDR had a total of \$842 million in loans awaiting parliament's approval. In addition, the CDR has nearly \$600 million in grants mainly related to pledges prior to Paris III and earmarked for public investments for post-July 2006 war reconstruction. In addition, donors pledged \$2.7 billion in project financing at the Paris III conference. The CDR has a limited absorptive capacity and targets to spend around \$750 million annually. CDR projects are listed at <http://www.cdr.gov.lb>

Best prospect sectors

- ★ **Information and Communication Technology (ICT):** Lebanon has the fundamental building blocks needed to become a regional center for technology: a highly-educated and multilingual workforce, a strong private sector, world-class advertising firms, and multi-lingual media content providers and web portals.

In the last quarter of 2007, the government moved forward towards privatizing the telecommunications sector. The Telecommunications Regulatory Authority (TRA) made available an online data-room for potential bidders for the country's GSM network. Information on the auction for the two cellular licenses is available online at <http://www.lebanonmobileauction.com>.

Moreover, the Government of Lebanon has plans to regulate and upgrade its outdated and costly ICT infrastructure. These plans, which are expected to take place in the near future, will offer significant opportunities to foreign investors.

- ★ **Pharmaceuticals:** Lebanon is the leading importer of pharmaceutical drugs in the Levant region and has over 50 pharmaceutical importing firms. The pharmaceutical market generates around \$400 million every year in retail sales. The local pharmaceutical manufacturing industry is weak. Imports constitute between 92 and 95 percent of total consumption.
- ★ **Insurance:** The Lebanese insurance market has always been open and liberal. The Lebanese government never owned insurers, and private companies did not have to compete with state entities or worry about government monopolies. This characteristic has helped the sector to respond to market forces and avoid the distortions associated with state ownership of insurers. After having sustained indirect losses due to the war in July-August 2006, insurance companies are on the way to a speedy recovery. Insurers predict that a need for all kinds of policies, especially those of health and life, will increase. Moreover, due to a large number of reconstruction projects that are already underway, policies covering construction work are also in great demand.

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➔ Market Entry Strategy

- ✦ U.S. companies interested in doing business in Lebanon are advised to hire a Lebanese agent or distributor. Networking and lengthy investigation are necessary to find an appropriate partner. U.S. companies do not need to come to Lebanon to find the agent. The U.S. Embassy can be helpful through the International Partner Search (IPS) service, which is a customized search for qualified Lebanese representatives, agents or distributors for US firms. More information on IPS can be found at <http://www.buyusa.gov/lebanon/en/internationalpartnersearch.html>.
- ✦ The Investment Development Authority of Lebanon (IDAL), a public agency responsible for promoting investments in Lebanon, has a “One-Stop Shop” service to issue permits and licenses for investors. Further information about IDAL and its services is available at <http://www.idal.com.lb>.





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★ Chapter 02

Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/35833.htm>

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★ Chapter 03

Selling U.S. Products and Services

- ➔ *Using an Agent or Distributor*
- ➔ *Franchising*
- ➔ *Direct Marketing*
- ➔ *Joint Ventures/Licensing*
- ➔ *Selling to the Government*
- ➔ *Distribution and Sales Channels*
- ➔ *Selling Factors/Techniques*
- ➔ *Electronic Commerce*
- ➔ *Trade Promotion and Advertising*
- ➔ *Pricing*
- ➔ *Sales Service/Customer Support*
- ➔ *Protecting Your Intellectual Property*
- ➔ *Due Diligence*
- ➔ *Local Professional Services*
- ➔ *Web Resources*

➔ Using an Agent or Distributor

- ★ U.S. companies are advised to establish a branch or rely on a Lebanese agent when doing business in Lebanon. The agent may be a partnership, a sole proprietorship, a joint-stock company or a limited liability company. The agent can act on behalf of the U.S. company to bid for government tenders and best market its products. The U.S. Embassy can help U.S. companies find reliable Lebanese agents through the International Partner Search (IPS) service. IPS is a customized search for qualified Lebanese representatives, agents or distributors for U.S. firms. More information on IPS can be found at **<http://www.buyusa.gov/lebanon/en/internationalpartnersearch.html>**.

Branch offices may undertake any business activity permitted by Lebanese law with no minimum capital or performance requirements. A foreigner who wishes to establish a branch in Lebanon must have a residence permit from the Sûreté Générale and a work permit from the Ministry of Labor. Foreign companies need a license to operate from the Ministry of Economy and Trade. U.S. companies may operate through local branches provided they obtain a "Receipt of Acknowledgement" from the Ministry of Economy and Trade and register in a local commercial court. For trade activity, the company must be registered at any of the four regional Chambers of Commerce and Industry.

The Investment Development Authority of Lebanon (IDAL) has a "One-Stop Shop" service to issue permits and licenses for investors. IDAL coordinates with all concerned Ministries and public authorities. Further information about IDAL and its services are available at **<http://www.idal.com.lb>**.



➔ Franchising

- ✦ With the successful establishment of international brand names and their continuous expansion across the country, franchising has become one of the fastest growing business sectors in Lebanon. The most commonly known are international fast food outlets such as McDonald's, Starbucks, Pizza Hut, Kentucky Fried Chicken, Baskin Robbins, Hardees, Chili's, Hard Rock Café, Dunkin' Donuts, Burger King, Subway, Clucksters' and Applebee's .

Franchises are also available for many other products and services in Lebanon. In the area of clothing, for example, the UK retailers Storehouse, Mothercare, and Next, and the Spanish clothing chains Zara, Mango, Massimo Dutti, Pull and Bear, Stradivarius, and Bershka have all opened large stores. Other non-food franchises in Lebanon include New Horizons, Hertz Car Rental, Budget Rent-a-Car, Thrifty Rent-a-Car, Florsheim Shoes and many others.

A Lebanese Franchise Association was launched in 2007 to promote the franchise sector in Lebanon and help Lebanese franchises expand in the region. Many Lebanese food franchises already opened branches in UAE, Saudi Arabia and Egypt and are doing well.

➔ Direct Marketing

- ✦ With around \$100 million spent annually on advertising, the advertising industry has proven to be the most effective marketing channel in Lebanon. Advertising can be through TV, radio, billboards and trade fairs. Numerous international fairs and trade shows are held in Lebanon, with significant participation from European, Asian, Middle Eastern, and, increasingly, U.S. companies. At least one show, fair, or exhibition is scheduled for each month of the year.

For additional information about trade fairs in Lebanon, please go to http://www.buyusa.gov/lebanon/en/trade_fairs_lebanon.html or contact the U.S. Embassy's Commercial Service at: <http://www.buyusa.gov/lebanon/en/contactus.html>

➔ Joint Ventures/Licensing

- ✦ Lebanese law does not consider joint ventures to be separate legal entities and does not require them to be registered in the Commercial Register. Joint ventures are established through a contract between at least two partners without publicizing formalities. The Investment Development Authority of Lebanon (IDAL) has a "One-Stop Shop" service to issue licenses for investors. Further information is available at <http://www.idal.com.lb>.

➔ Selling to the Government

- ✦ The Lebanese government comprises 19 ministries. Each ministry is responsible for its own procurement that is usually carried out via public tenders and published on the ministries' websites. A list of ministries and their websites can be found in the Web Resources section of this chapter. U.S. companies can apply directly for these tenders or can rely on local agents to bid on their behalf.

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The Council for Development and Reconstruction (CDR), a public authority established in 1977, is the public unit responsible for large government projects. These are usually carried out through public tenders. However, there are occasional purchases via direct contract when attractive financing protocols are made available by the foreign companies' governments. More information about CDR and its projects can be found at <http://www.cdr.gov.lb>.

➔ Distribution and Sales Channels

- ✦ Most of the products imported to Lebanon enter either through Beirut International Airport (BIA) or Beirut Port. Foreign exporters rely on local companies to clear and receive the imported products from the Customs Authority at Beirut Port and BIA, and to distribute them in the market. Although traditional markets and souks exist in Lebanon, most U.S. products are distributed through modern retail stores and supermarket chains spread throughout the country.

➔ Selling Factors/Techniques

- ✦ The Lebanese market is generally characterized as being free and price sensitive. Sales material can be in English, French or Arabic. Many European and Asian brands introduced into the market have managed to earn a considerable market share. However, high quality U.S. products are still valued by high-end consumers who appreciate quality, technology, innovations and value-added. Moreover, demand for U.S. goods has been increasing due to the decline of the dollar relative to the Euro.

➔ Electronic Commerce

- ✦ E-commerce is in its early stages in Lebanon. Some e-commerce ventures, such as online shops, auctions, services, and content publishing, have been established. However, these ventures remain limited because there is no appropriate legal and regulatory framework for e-transactions. The reliability of online transactions has not gained widespread acceptance by the Lebanese population. Internet and telecommunications prices remain high. In 2004, the European Union financed the establishment of a project in Lebanon to promote the development of e-commerce. The project's website is <http://www.ecomleb.org>.

➔ Trade Promotion and Advertising

- ✦ Lebanon has become a regional center for the advertising industry, despite stiff competition from Arab Gulf states. Lebanon enjoys a sophisticated domestic audience and a thriving media sector. There are nine television stations, 14 newspapers, over 30 magazines and many radio stations.

Television remains the favored medium of advertising and captures half of the market. Other mediums include print, billboards, radio and cinema.

There are many Arabic-language dailies in Lebanon, as well as the English-language Daily Star (<http://www.dailystar.com.lb>) and the French-language L'Orient Le Jour. Most newspapers have websites displaying the latest news on Lebanon. Naharnet is a web portal offering updated political and business

Selling U.S. Products and Services

information and links. It may be reached at <http://www.naharnet.com>. Another useful website is <http://www.lebanonlinks.com>

There are numerous trade fair organizers that host exhibitions in Lebanon. They include International Fairs and Promotion (<http://www.ifexpo.com>), Promofair (<http://www.promofair.com.lb>), BIEL Center (<http://www.bielcenter.com>) and Hospitality Services (<http://www.hospitalityservices.com.lb>)

Major business magazines are the English-language Lebanon Opportunities, Executive Magazine, Today's Outlook and Arab Ad, the French-language Le Commerce du Levant and the Arabic-language Business week, Al-Iktissad Wal Amal and Al-Mourakeb Al-Inmaii.

➔ Pricing

- ✦ Prices of imported goods are subject to Customs fees and a Value-Added Tax (VAT) of ten percent. The Consumer Protection Department at the Ministry of Economy and Trade controls prices on bread and petroleum derivatives. The Technical Center for Price Control at the Ministry of Economy and Trade surveys supermarket prices of consumer goods every two months. The Ministry of Health also controls the price of pharmaceuticals.

➔ Sales Service/Customer Support

- ✦ Customer service is highly valued in Lebanon. A number of leading Lebanese companies have a sales service and customer support unit. Such services are critical to maintaining market share. In January 2005, Lebanon passed a new Consumer Protection Law, which calls for the establishment of a number of mechanisms for better protection of consumers.

➔ Protecting Your Intellectual Property

- ✦ Several general principles are important for effective management of intellectual property rights in Lebanon. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Lebanon than in the U.S. Third, rights must be registered and enforced in Lebanon, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Lebanon. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.



It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Lebanon require constant attention. Work with legal counsel familiar with Lebanon laws to create a solid contract that includes non-compete clauses, and confidentiality / non-disclosure provisions.

✦ It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Lebanon or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- American Lebanese Chamber of Commerce (Amcham)
- Chamber of Commerce, Industry and Agriculture - Beirut and Mount-Lebanon
- Chamber of Commerce, Industry and Agriculture - Saida and the South
- Chamber of Commerce, Industry and Agriculture - Tripoli and the North
- Chamber of Commerce, Industry and Agriculture - Zahlé and the Beqaa
- Association of Lebanese Industrialists (ALI)
- Professional Computer Association (PCA)

IPR Resources

✦ A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: 1-866-999-HALT or register at **www.StopFakes.gov**.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: 1-202-707-5959.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**

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- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **<http://www.StopFakes.gov>** This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for webinars on protecting IPR.

IPR Climate in Lebanon

- ✦ Lebanon has legislation to provide adequate intellectual property right (IPR) protection. However, enforcement is weak. It is advisable that U.S. companies register their patents and trademarks at the Ministry of Economy when introducing them into the market. We recommend contacting a lawyer whenever faced with an IPR violation. A list of lawyers practicing in Lebanon is available at the U.S. Embassy's website at **<http://lebanon.usembassy.gov>** or from the Department of State's American Citizen Services Office in the Bureau of Consular Affairs at **<http://www.travel.state.gov>**.
- ✦ In 2006, the United States Trade Representative maintained Lebanon's position on the "Priority Watch List" due to severe intellectual property right violations. Problems persist with the widespread availability of pirated optical discs and rampant cable piracy. Registration of copycat pharmaceuticals has remained problematic, and unenforceable data exclusivity provisions remain causes for concern. Counterfeiting of trademarked goods continues. Furthermore, the judiciary is slow and inefficient, and there is a general lack of sustained will within the government to improve IPR enforcement. Lebanon has not yet joined the latest text of the Berne Convention or ratified the WIPO Copyright Treaty or the WIPO Performances and Phonograms Treaty.

➔ Due Diligence

- ✦ U.S. firms wishing to do business in Lebanon are encouraged to conduct due diligence on their potential partners. To verify the bona fides of Lebanese companies, U.S. firms may request the U.S. Commercial Service International Company Profile (ICP) service. The ICP report includes factual data on the Lebanese firm's management, business activities, product lines, financial condition, credit-worthiness, trading experience, market coverage, business connections in the country, as well as an Embassy evaluation to help U.S. firms assess risks, reliability and capability. More information about ICP can be found at **<http://www.buyusa.gov/lebanon/en/internationalcompanyprofile.html>**.

➔ Local Professional Services

- American Lebanese Chamber of Commerce: **<http://www.amcham.org.lb>**
- Chamber of Commerce, Industry and Agriculture - Beirut and Mount-Lebanon: **<http://www.ccib.org.lb>**
- Chamber of Commerce, Industry and Agriculture - Saïda and the South: **<http://www.cciias.org.lb>**
- Chamber of Commerce, Industry and Agriculture - Tripoli and the North: **<http://www.cciat.org>**

Selling U.S. Products and Services

- Chamber of Commerce, Industry and Agriculture - Zahlé and the Beqaa: <http://www.cciaz.org.lb>
- Association of Lebanese Industrialists: <http://www.ali.org.lb>
- Professional Computer Association: <http://www.pca.org.lb>

➔ Web Resources

Ministries:

Ministry of Agriculture: <http://www.agriculture.gov.lb>

Ministry of Telecommunications: <http://www.mpt.gov.lb>

Ministry of National Defense: <http://www.lebarmy.gov.lb>

Ministry of Displaced: <http://www.ministryofdisplaced.gov.lb>

Ministry of Education & Higher Education: <http://www.higher-edu.gov.lb>

Ministry of Finance: Customs Administration: <http://www.finance.gov.lb>

Ministry of Information: <http://www.nna-leb.gov.lb>

Ministry of Justice: <http://www.justice.gov.lb>

Ministry of Interior & Municipalities: <http://www.moim.gov.lb>

Ministry of Labor: <http://www.mol.gov.lb>

Ministry of Public Health: <http://www.public-health.gov.lb>

Ministry of Public Works & Transport: <http://www.public-works.gov.lb>

Ministry of Social Affairs: <http://www.socialaffairs.gov.lb>

Ministry of Foreign Affairs & Emigrants: <http://www.emigrants.gov.lb>

Ministry of Economy & Trade: <http://www.economy.gov.lb>

Ministry of Industry: <http://www.industry.gov.lb>

Ministry of Tourism: <http://www.lebanon-tourism.gov.lb/>

Ministry of Environment: <http://www.moe.gov.lb>

Office of the Minister of State for Administrative Reforms (OSMAR):
<http://www.omsar.gov.lb>

Government Organizations:

Council for Development and Reconstruction: <http://www.cdr.gov.lb>

Investment Development Authority of Lebanon (IDAL): <http://www.idal.com.lb>

Ogero: <http://www.ogero.gov.lb>





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★ Chapter 04

Leading Sectors for U.S. Export and Investment

Commercial Sectors

- ➔ *Automotive (AUT)*
- ➔ *Air Cond / Refrigeration Eq (ACR)*
- ➔ *Drugs / Pharmaceuticals (DRG)*
- ➔ *Medical Equipment (MED)*
- ➔ *Apparel (APP)*
- ➔ *Education Services (EDS)*

Agricultural Sector

- ➔ *Automotive (AUT)*

✚ Overview

	2005	2006	2007 (to Aug 31)
Total Market Size	758	709	559
Total Local Production	0	0	0
Total Exports	21	25	21
Total Imports	779	734	580
Imports from the U.S.	85	93	90

(Figures are in millions of dollars and based on Lebanese Customs statistics - Section 17 / Chapter 87)

The Lebanese market of approximately 1.7 million vehicles has witnessed an increase of 15 percent in the first eight months of 2007 compared to the same period in 2006, with a total import value of \$580 million. This growth is mainly attributed to the weakness of the dollar in relation to Euro. U.S. market share is expected to reach 15 percent in 2007.

✚ Best Prospects/Services

Demand for Sport Utility Vehicles (SUVs) in Lebanon has been growing. According to private sector sources, around 10 percent of cars imported into Lebanon are SUVs. This percentage is expected to increase due to their heavy duty performance and poor road conditions throughout the country. Lebanese prefer American SUVs over other SUVs because of their competitive price, high quality, and long record of success in the market. Moreover, demand for U.S. automotive products such as brakes, clutches, engine lubricants, and safety accessories is increasing because they have demonstrated a quality advantage over foreign competitors.



✦ Opportunities

The Lebanese Car Importers Association co-organizes the Motor Show, a bi-annual trade fair for the automotive industry in Lebanon. The Motor Show presents significant opportunities for U.S. companies to introduce their products and services to the Lebanese market. For more information, you can go to <http://www.promofair.com.lb>.

✦ Resources

Lebanon Motor Show: <http://www.promofair.com.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

For additional information on Lebanon's market for automotive, please email Naaman.Tayyar@mail.doc.gov.

➔ Air Cond / Refrigeration Eq (ACR)

✦ Overview

	2005	2006	2007 (to Aug 31)
Total Market Size	826	869	704
Total Local Production	79	80	75
Total Exports	314	334	291
Total Imports	1,061	1,123	920
Imports from the U.S.	73	98	92

(Figures are in millions of dollars and based on Lebanese Customs statistics - Section 16 / Chapters 84-85)

Lebanon's market for air conditioning and refrigeration equipment has witnessed a growth of 33 percent in the first eight months of 2007 compared to the same period in 2006, with a total import value of \$920 million. This growth is mainly attributed to the weakness of the dollar in relation to Euro. U.S. air conditioning and refrigeration exports to Lebanon reached \$92 million in first eight months of 2007, and U.S. market share is expected to reach 13 percent in 2007.

✦ Best Prospects/Services

U.S. products have an advantage over European products in the air conditioning and refrigeration sector due to their high quality and heavy-duty performance. Moreover, demand for U.S. products is increasing due to the weakness of the dollar in relation to Euro.

✦ Resources

Lebanese Customs Authority: <http://www.customs.gov.lb>

For additional information on Lebanon's market for air conditioning and refrigeration, please email Naaman.Tayyar@mail.doc.gov.



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➔ Drugs / Pharmaceuticals (DRG)

✦ Overview

	2005	2006	2007 (to Aug 31)
Total Market Size	437	518	429
Total Local Production	17	15	16
Total Exports	9	8	7
Total Imports	429	511	420
Imports from the U.S.	28	38	30

(Figures are in millions of dollars and based on Lebanese Customs statistics – Section 6 – Chapter 30)

Lebanon is the leading importer of pharmaceutical drugs in the Levant with over 50 pharmaceutical importers. Total pharmaceutical imports to Lebanon reached \$420 million in the first eight months of 2007. Since, the local pharmaceutical industry is weak, imports constitute around 96 percent of the total available in the market. U.S. products account for about seven percent of total imports.

✦ Best Prospects/Services

U.S. products have an advantage over European products in biotechnology, high-tech, anti-cancer, and cardiovascular fields. Moreover, any new leading American drug that is not yet manufactured in Europe is well received in Lebanon.

✦ Resources

Ministry of Public Health: <http://www.public-health.gov.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

For additional information on Lebanon's market for drugs and pharmaceuticals, please email Naaman.Tayyar@mail.doc.gov.

➔ Medical Equipment (MED)

✦ Overview

	2005	2006	2007 (to Aug 31)
Total Market Size	126	150	102
Total Local Production	1	1	1
Total Exports	6	8	5
Total Imports	131	157	106
Imports from the U.S.	32	42	25

(Figures are in millions of dollars and based on Lebanese Customs statistics – Section 18 / Chapter 90)



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Lebanon's market for medical equipment has witnessed a slight growth of two percent in the first eight months of 2007 compared to the same period in 2006, with a total import value of \$106 million. This growth is attributed to the weakness of the dollar in relation to Euro. U.S. medical exports reached \$25 million in the first eight months of 2007 and U.S. market share is expected to reach 23 percent in 2007.

✦ Best Prospects/Services

U.S. products have an advantage over European products in the medical sector due to their high quality and long record of success in the Lebanese market. Moreover, demand for these products is increasing due to the weakness of the dollar in relation to Euro.

✦ Opportunities

Lebanon is an ideal location for establishing a regional office to cover the Levant, including Iraq. The Lebanese market has been used as a platform for testing U.S. products prior to introducing them to the rest of the Levant market. Opportunities to form partnerships with local companies are available in the medical and healthcare sectors.

✦ Resources

Ministry of Public Health: <http://www.public-health.gov.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

For additional information on Lebanon's market for medical equipment, please email Naaman.Tayyar@mail.doc.gov.

➔ Apparel (APP)

✦ Overview

	2005	2006	2007 (to Aug 31)
Total Market Size	419	424	270
Total Local Production	195	200	133
Total Exports	63	67	49
Total Imports	287	291	186
Imports from the U.S.	5	7	4

(Figures are in millions of dollars and based on Lebanese Customs statistics – Section 11 / Chapters 61, 62, 63)

Lebanon attracts a large number of Arab tourists every year who significantly boost retail activity in Lebanon, resulting in steady growth in the apparel sector. U.S. apparel exports to Lebanon reached around four million dollars in the first eight months of 2007, constituting around two percent of total apparel imports to



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C L O S E T O Y O U



Lebanon. Many U.S. brands, including Tommy Hilfiger, Rock and Republic, True Religion, Seven Jeans, Nautica, Polo Ralph Lauren and Timberland are very popular in the Lebanese market.

✦ Best Prospects/Services

The trend in Lebanon is moving from high-end haute couture to casual wear. Most Lebanese consider U.S. brands to be the leader in casual wear. Thus, demand for U.S. apparel has been increasing steadily. Lebanese buyers regularly travel to Magic Apparel Show in Las Vegas and Coterie Show in New York to explore the latest trends in the U.S. fashion industry.

✦ Resources

Beirut Fashion Week: <http://www.ifp.com.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

For additional information on Lebanon's market for Apparel, please email Naaman.Tayyar@mail.doc.gov.

➔ Education Services (EDS)

✦ Overview

	2005	2006	2007 (estimated)
Total Market Size	125	125	125
Total Lebanese Students	124	124	124
Total foreign students in Lebanon	1	1	1
Total Lebanese students abroad	3	3	3
Lebanese students in the U.S.	2	2	2

(Figures are in thousands of students and based on AMIDEAST statistics)

Lebanon has one of the best educational systems in the Middle East. There are currently 125,000 students enrolled in universities throughout Lebanon and over 2,100 Lebanese students are currently studying in the U.S.

✦ Best Products/Services

Demand for graduate studies in the U.S. has been increasing, especially in the fields of business, computer science, engineering, medicine and fine arts.

U.S. educational franchises are doing well in Lebanon. The U.S. franchise New Horizon, which provides computer training, has over 45 percent of the Lebanese market. The U.S. franchise Berlitz, which provides language training, has approximately 10 percent of the market.

✦ Resources

U.S. Educational Group (USEG) Fair: <http://www.al-jamiat.com>

AMIDEAST: <http://www.amideast.org>

Leading Sectors for U.S. Export and Investment

For additional information on Lebanon's market for education, please email ***Maya.Barhouche@mail.doc.gov***

★ Agricultural Sectors

According to Lebanese Customs statistics (chapters 1-24), Lebanon's total agricultural imports reached \$1,249 million in the first eight months of 2007. Out of which, \$119 million, equivalent to 10.5 percent, are from the U.S. Major U.S. agricultural exports to Lebanon include dairy products (10.7 percent), cereals (10 percent), beverages and spirits (eight percent) and tobacco (seven percent).

★ Resources

Lebanese Customs Authority: <http://www.customs.gov.lb>



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★ Chapter 05

Trade Regulations and Standards

- ➔ *Import Tariffs*
- ➔ *Import Requirements and Documentation*
- ➔ *U.S. Export Controls*
- ➔ *Temporary Entry*
- ➔ *Labeling and Marking Requirements*
- ➔ *Prohibited and Restricted Imports*
- ➔ *Customs Regulations and Contact Information*
- ➔ *Standards*
- ➔ *Trade Agreements*
- ➔ *Web Resources*

➔ Import Tariffs

- ★ More than 83 percent of customs tariff lines have duties equal to or below five percent. The Customs website (<http://www.customs.gov.lb>) provides a searchable database that displays import duties by tariff number.

Less than one percent of imports and exports of goods are subject to a number of trade measures imposed by ten Lebanese government state bodies. Measures include prohibitions, licenses, technical certificates, veterinary certificates, and phyto-sanitary certificates. All goods subject to import and export prohibitions are also prohibited from transiting through the territory of Lebanon. A limited number of goods (e.g. weapons) are subject to more than one trade measure. To find out whether a specific product is subject to non-tariff barriers, consult the customs website at <http://www.customs.gov.lb> or Lebanon's NonTariff Measure Survey published on the Ministry of Economy and Trade's website-WTO trade section at <http://www.economy.gov.lb/MOET/English/Panel/Trade/InternationalTradeAgreements/WTO.html>

Lebanon adheres to the Arab League boycott of Israel. Enforcement is selective as many goods on the boycott list are available in the Lebanese market. The Arab League's Central Boycott Office maintains a blacklist of U.S. firms that are believed to contribute to Israel's military or economic development. In accordance with U.S. anti-boycott regulations, U.S. companies may not certify that their products do not come from Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industrial Security (BIS) in the U.S. Department of Commerce (<http://www.bis.doc.gov>).

➔ Import Requirements and Documentation

Import processing requires the following documents:

- Declaration form based on the Single Administrative Document (SAD)
- Bill of lading



- Packing list
- Commercial invoice (original)
- Delivery order (to prove ownership of goods)
- Quietus from the Social Security Office renewed every six months (required only for legal persons and commercial establishments)
- Contract of sale between importer and seller at the country of exportation (may be requested for value verification only in case customs officers doubt the invoice value)
- Certificate of origin, issued by Chambers of Commerce in the country of exportation (required in case importer wishes to benefit from preferential treatment)
- Depending on the type of imported good, a number of other documents may also be required including import licenses, conformity certificates to mandatory standards, or phyto-sanitary certificates.

Export processing requires the following documents:

- Declaration form based on the Single Administrative Document (SAD)
- Packing list
- Invoice
- Certificate of origin issued by Chamber of Commerce except for exports to Europe. The certificate of origin must be certified by the Ministry of Agriculture for all food products of plant origin and by the Ministry of Industry for all industrial products. Certificate of Origin for exporting industrial products to Europe are issued by the Ministry of Industry according to EUR 1 and FORM A and are certified by Customs.
- Quietus from the Social Security Office renewed every six months (required only for legal persons and commercial establishments)
- A number of other documents may also be required depending on the type of exported good. They include licenses, conformity and export certificates for quality verification for all food products of plant origin and agricultural health certificates.

➔ U.S. Export Controls

✦ Lebanon is not subject to special sanctions. In principle, all exports require a license, though in practice the vast majority of U.S. exports fall under a "general license" that allows export without getting permission from the Bureau of Industrial Security (BIS) in the U.S. Department of Commerce (<http://www.bis.doc.gov>). When doing business with Lebanon, U.S. exporters should consider the following U.S. export regulations:

- For a number of items, a specific export license is required. These items include products whose high-tech nature implies that export may involve a national security risk. Contacting BIS will enable an exporter to determine whether or not a specific item requires a license. If a specific license is required, one of the considerations will be the reliability of the end-user. Government agencies and companies with a solid business reputation are more likely to be granted a license.
- U.S. companies need to verify whether the U.S. government has blacklisted a particular Lebanese company or individual, as a result of past violations of export regulations. The BIS has a Denied Persons List and the Office of Foreign Assets Control has a Specially Designated Nationals List. Both are available online on <http://www.bis.doc.gov> and <http://www.treas.gov/offices/eotffc/ofac/index.html>.



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➔ Temporary Entry

- ✦ There are two types of permits for the entry of temporary goods. Customs grants a regular temporary entry permit to foreign products that will be manufactured or finished in Lebanon and then re-exported outside Lebanon or displayed in free zones. This permit is valid for six months and may be renewed for up to two years.

The Customs' Director-General may grant a special temporary entry permit for a range of products intended for temporary use. However, the period of the permit is limited to three months. Goods subject to the special permit include:

- Equipment and machinery used in public works, archeology, cinema and journalism.
- Goods or samples to be displayed in trade fairs.
- Goods intended for maintenance and repair or goods used for maintenance and repair.
- Empty containers or packages to be filled in Lebanon and re-exported or full containers or packages to be emptied in Lebanon and then re-exported.

➔ Labeling and Marking Requirements

- ✦ Labels should include the net weight of the product, manufacture and expiry date, ingredients and origin. Labeling language varies among Arabic, English and French. Products with Hebrew labels are not accepted. Should you need further information, please contact the Ministry of Economy and Trade at <http://www.economy.gov.lb>.

➔ Prohibited and Restricted Imports

Prohibited imports include the following:

- Cedar seeds and seedling (in conservation of Lebanese cedars species).
- Chemical improvers used in bread making (health measure).
- Table salt not containing iodine (health measure).
- Waste/slag/ash/scrap of many chemical, mineral and metal products (in protection of the environment).
- Clinker and black cement (in protection of local industry).
- Vehicles older than eight years and motor vehicles for the transport of goods older than five years (in protection of the environment).
- Used medical and radiography apparatus (health measure).
- Gas fueled pocket lighters (to prevent any fire incident).
- Wireless phone sets of 900 Megahertz.

Lebanon adheres to the Arab League Boycott of Israel. As a result, Lebanon prohibits the import of goods manufactured in or originating from Israel. For more information, please refer to the Trade Barriers section of this chapter.

➔ Customs Regulations and Contact Information

- ✦ Lebanon follows the Harmonized System for its tariff regime. A new and modern Customs Law was implemented in 2001. It simplifies and expedites customs procedures, adopts international standards for the valuation of goods, applies



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modern and fair dispute settlement procedures, allows for electronic declaration of goods, and fosters the development of industrial and free zones. This new law has reduced delays and administrative burdens in clearing imported products through customs at the airport and ports. However, exporters are advised to contact local customs agents to expedite the clearing process. Customs has been very active in introducing online operations for its automated clearance system whereby traders and custom brokers will be able to enter and track customs declarations. When fully implemented, users will be able to register, as well as assess and pay declarations directly from their bank accounts.

For further information on customs procedures please refer to the following website:
Lebanese Customs: <http://www.customs.gov.lb>

Key contacts:

General Directorate of Customs

Beirut, Lebanon
Tel: 961-1-980060/1/2/3/5/6
Fax: 961-1-643826

Higher Council for Customs

Beirut, Lebanon
Tel: 961-1-988500/1
Fax: 961-1-988080

➔ Standards

- Overview
- Standards Organizations
- Conformity Assessment
- Product Certification
- Accreditation
- Publication of Technical Regulations
- Labeling and Marking
- Contacts

➔ Overview

- ✦ The Lebanese Standards Institution, known as LIBNOR, is the sole authority in Lebanon charged with issuing, publishing, and amending Lebanese standards. A number of state bodies (including the Ministries of Telecommunications, Energy and Water, Industry, Public Health, Environment, Agriculture, Economy and Trade, and Transport and Public Works) issue technical regulations connected with products in the form of Ministerial Decisions and Council of Ministers Decrees. LIBNOR develops an annual work plan of standards internally.

➔ Standards Organizations

- ✦ By law, LIBNOR, affiliated with the Ministry of Industry, is designated as the sole authority in Lebanon to issue, publish, and amend Lebanese voluntary standards. LIBNOR is also designated as the sole authority to give the right to use the

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يقال إن تخصيص الموارد مع شركات التأمين يحتاج لجلسات صراع طويلة ومضنية. وربما لذلك معظم زبائن قسائمي تصفونها على أنها ليست مجرد شركة تأمين. فمع مرتقبيها، كل شيء يتم بحتهنر اليسر والسهولة. نحن في فيدالتي نعد ونففي، تسول ولا نعهق، وبالاعتماد على شبكة عملائنا المتميزين المنتشرين في كل المناطق اللبنانية، نبتكر لزيائننا الحلول لتساعدهم في سخطي أزمائهم بسهولة وهذراء.

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هونا بتهون **فيدلتي**



Conformity Label (kitemark). Programs for drafting standards are set annually. The Board of Directors approves the annual plans, submitted by LIBNOR's Director General, for preparing new standards or amending existing ones. The annual program for drafting standards is also available through LIBNOR's website (<http://www.libnor.org>).

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

➔ Conformity Assessment

- ✦ The following six laboratories are the main national testing bodies in Lebanon:
 - The Laboratories of Industrial Research Institute (IRI) affiliated with the Ministry of Industry test for all types of products.
 - The Central Laboratory at the Ministry of Public Health (in case of food products).
 - The Laboratory of the Agricultural Research Institute at the Ministry of Agriculture (in case of food products).
 - The American University of Beirut Laboratory of Chemistry and Pharmacology.
 - The French Medical Institute Laboratory of Chemistry and Pharmacology at Saint Joseph University.
 - The Nuclear Medicine Laboratory at Notre Dame du Liban Hospital.

➔ Product Certification

- ✦ Industrial Research Institute (IRI) provides certificates of quality or conformity with standards and purchase requirements. Certificates of conformity or quality, issued by foreign companies such as SGS and Veritas, are also honored in Lebanon. In addition, several ministries issue certificates of conformity. The Ministry of Agriculture has the authority to issue certificates of conformity for exported agricultural products. The Ministry of Economy and Trade issues conformity and export certificates at the request of the exporter. The Ministry of Public Health issues health certificates at the request of the exporter. There are no mutual responsibility agreements (MRAs) with U.S. organizations.

➔ Accreditation

- ✦ Conseil Libanais D'Accreditation (Colibac) is the only accreditation body in Lebanon. Colibac is part of the Ministry of Industry. The Laboratories of Industrial Research



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At FNB, our customers inspire us to create state-of-the-art products that meet their needs to the fullest. The Plastic Surgery Loan is no exception. It is such an extraordinary product that it went from being the talk of the town to the talk of the world! We are proud that we are able to make this service affordable and accessible to those that desire a change in their lives. And so we would like to thank you, our valued customers, because without you this program would not have been such a remarkable success. The following are some of the media that covered the event:



**WORLDWIDE RECOGNITION:
PLASTIC SURGERY LOAN**





Institute (IRI) affiliated with the Ministry of Industry is the authorized chemical and micro-biological laboratory used for accreditation.

➔ Publication of Technical Regulations

- ✦ Once the board committee agrees on draft standards, LIBNOR announces a trial period of two months. This announcement is sent directly to the National News Agency, several local newspapers, all members of the technical committee, local state television and posted on LIBNOR's website. Board members may also publish it or make it known to the relevant bodies they represent. Once adopted, all standards and decrees (issuing technical regulations) are published in Lebanon's "Official Gazette." Because Lebanon is not a WTO member yet, there is no formal procedure of notification. U.S. entities can comment on technical regulation via email to LIBNOR.

➔ Labeling and Marking

- ✦ Labels on containers and packages require the display of size, weight, or quantity of the goods contained therein. The Consumer Protection Division at the Ministry of Economy and Trade currently enforces the law. Failure to comply with the requirements subjects the violator to penalties.

Contacts

LIBNOR is de facto the national inquiry point in Lebanon on standards and technical regulations resulting from conversion of standards.

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Website: <http://www.industry.gov.lb>

➔ Trade Agreements

- ✦ Lebanon is traditionally a country with a free and open trade regime. Efforts towards trade liberalization have been focused on the European Union (EU), World Trade Organization (WTO), and the Arab world. Lebanon does not have a free trade arrangement with the U.S., nor a bilateral investment treaty.

Trade Regulations and Standards

On December 1, 2006, Lebanon signed a Trade and Investment Framework Agreement (TIFA) with the U.S. TIFA helps both countries promote an attractive investment climate, expand trade relations, and remove impediments to trade and investment.

Lebanon is seeking to accede to the World Trade Organization (WTO). Having gained observer status in 1999, Lebanon held its fifth Working Party meeting in May 2007.

Lebanon's Interim Agreement with the EU came into effect in March 2003. The agreement provides for reciprocal free trade on the majority of industrial goods. It also liberalizes trade on a large basket of agricultural and processed agricultural goods. The Euro-Med Partnership aims at establishing a free trade area for the Mediterranean region by the year 2010.

In 2004, Lebanon and the European Free Trade Association (EFTA) signed a free trade agreement. EFTA granted market access on industrial goods beginning in 2005, while Lebanon will progressively dismantle tariff on industrial products between 2008 and 2015. The agreement covers trade in industrial goods and processed agricultural products, as well as investment and government procurement. Bilateral agreements between Lebanon and individual EFTA states have also been signed in 2004 covering trade in agriculture products.

Lebanon has signed a number of free trade agreements with Arab countries. Lebanon is a signatory to the Arab League's Greater Arab Free Trade Area (GAFTA), an agreement among 17 Arab countries. Import duties among GAFTA countries were fully eliminated on January 1, 2005. Lebanon has signed a number of bilateral free trade agreements with Arab countries to expedite trade integration. Those include Syria (effective 1999), Egypt (effective 1999), Kuwait (effective 2000), UAE (effective 2001), Iraq (effective 2002), and Jordan (signed in 2002, but not ratified).

More information about trade agreements is at the Ministry of Economy and Trade's website at <http://www.economy.gov.lb>.

➔ Web Resources

- Lebanese Customs Authority: <http://www.customs.gov.lb>
- LIBNOR: <http://www.libnor.org>
- Ministry of Economy: <http://www.economy.gov.lb>
- Ministry of Industry: <http://www.industry.gov.lb>
- Bureau of Industrial Security (BIS): <http://www.bis.doc.gov>

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mtc touch today enjoys a leading position with 52% market share and consolidated status allowing it to provide its customers ('touch' postpaid lines and 'magic' prepaid lines) with high-end services that meet both individual and corporate expectations.

At mtc touch, we value our Client, the catalyst behind our progress and innovation. Thus, we make sure to provide first class services by offering state-of-the-art individual and corporate solutions that cater to the incessant needs of modern companies and business men who are always seeking special and preferential treatment in their entourage.

a wide network of partnerships with 227 international GSM Operators covering 111 countries

Affiliated with ZAIN Group, the leading telecom group in the MENA region, mtc touch never settles for what's "good", always seeking the best, most professional and world-class communication solutions combining innovation, cutting-edge technology and practicality. To name a few, our services include Credit Transfer pre to pre and post to pre, SMS Roaming, E-Recharge, Bill-e-Pay, GPRS Roaming and MMS International, which are available through a wide network of partnerships with 227 international GSM Operators covering 111 countries.

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2008

Chapter 06 Investment Climate

- ➔ *Openness to Foreign Investment*
- ➔ *Conversion and Transfer Policies*
- ➔ *Expropriation and Compensation*
- ➔ *Dispute Settlement*
- ➔ *Performance Requirements and Incentives*
- ➔ *Right to Private Ownership and Establishment*
- ➔ *Protection of Property Rights*
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- ➔ *Political Violence*
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- ➔ *Bilateral Investment Agreements*
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- ➔ *Foreign-Trade Zones/Free Ports*
- ➔ *Foreign Direct Investment Statistics*
- ➔ *Web Resources*

➔ Openness to Foreign Investment

✳ Lebanon is a country open to foreign direct investment by tradition. Over the last five years, the GOL passed several laws and decrees to encourage investment. The Investment Development Law grants the Investment Development Authority of Lebanon (IDAL), a public agency under the Prime Minister, the authority to award licenses and permits for new investments, as well as to grant special incentives, exemptions and facilities to large projects. In an attempt to attract foreign investments, IDAL launched in 2003 the “Investors Matching Service” to facilitate the creation of strategic international-local partnerships through joint venture, equity participation, acquisition, and others. IDAL is currently setting up the Investor Support and Information Center (ISIC), a data bank that will provide comprehensive, reliable, and up-to-date investment related information to prospective investors. The ISIC should be launched in the first quarter of 2008.

Lebanon has many investment enabling strengths that have encouraged foreign companies to set up offices in recent years. Lebanon’s key advantages include a free market economy, the absence of controls on the movement of capital and foreign exchange, a highly educated labor force, good quality of life, and limited restrictions on investors.

However, the domestic political and security situation has had a negative effect on investment. The closure of parliament since December 2006 has prevented legislation affecting investment from being implemented. In 2007, some foreign and local investors preferred to adopt a wait-and-see attitude, while others had to close



their branches in Beirut downtown area due to the year-long sit-in by the opposition. A resolution to the political crisis will attract more investments to Lebanon. In addition, some issues continue to cause frustration among local and foreign businessmen. Impediments include red tape and corruption, arbitrary licensing decisions, complex customs procedures, archaic legislation, an ineffectual judicial system, high taxes and fees, flexible interpretation of laws, and a lack of adequate protection of intellectual property. These factors have pushed the International Finance Corporation (IFC) to rank Lebanon 85 among 176 countries and seven among 17 countries in the Middle East and North Africa (MENA) region in terms of ease of doing business in 2007. In declining order, the survey gave Lebanon poor scores in the areas of starting a business, enforcing contracts, closing a business, dealing with licenses, registering property, trading across borders, and protecting investors.

The government has expressed a strong commitment to improving the business environment in its reform program submitted at the Paris III International Donors' Conference in January 2007. In January 2006, the Ministry of Economy and Trade (MOET) signed an agreement with the IFC to help streamline business registration procedures in Lebanon. A short-term business registration simplification solution was endorsed in September 2007 and is expected to reduce time, cost, and number of procedures by 50 percent. The MOET is working on new legislation to further reduce time, costs, and procedures in the long run.

In 2007, 44 foreign companies, including seven U.S. companies opened offices, representative offices, or branches in Lebanon, according to statistics from the MOET.

Lebanon received mixed results in the recently released World Bank report on governance. The report, entitled "Governance Matters 2007: Governance Indicators for 1996-2006," uses six dimensions of governance to rank 212 countries. Lebanon's MENA ranking improved in terms of freedom of expression, accountability, and regulatory quality on a yearly basis; it declined in the categories of government effectiveness and control of corruption. Lebanon's rank was unchanged for political stability, violence, and rule of law.

Privatization is a key component of the current Siniora government's economic reform program, and the government is eager to attract foreign investors. In the last quarter of 2007, the government moved forward in privatizing the telecommunications and power sectors. The Telecommunications Regulatory Authority (TRA) made available an online data-room for potential bidders for the country's GSM network. Information on the auction for the two cellular licenses is available online at <http://www.lebanonmobileauction.com>. The deadline for bidding is currently undetermined and will not be decided until the current political crisis is resolved. In order to privatize power production and distribution at Lebanon's national power company, Electricite du Liban (EDL), the government has contracted three separate advisory teams to help corporatize EDL and set up the regulatory framework for its privatization within 18 months. Moreover, the Ministry of Energy and Water (MEW) signed two memoranda of understanding on November 9, 2007, with two separate local private companies to build private power plants, in line with the government's plan to privatize the electricity industry and switch to cheaper and more environmentally friendly fuels. One company will build a new 50 megawatt plant to supply the national power grid and the other company will



construct the country's first wind-powered plant in the Biqa' region. Both projects await issuance of the license and offer good opportunities for U.S. technology.

There are opportunities for attracting foreign investors in infrastructure projects. The government pledged at the Paris III Conference to maintain an appropriate level of investment spending. The Council for Development and Reconstruction (CDR) is responsible for tendering and procuring funding for government physical infrastructure projects (electricity, telecommunications, roads and public transport), social infrastructure (education, public health, social and economic development, land use and environment), basic services (water supply, wastewater, solid waste management), and productive sectors (agriculture, irrigation, ports, airports, tourism, and government buildings). According to the latest CDR progress report (September 2007), there are 650 projects in progress for a value of \$2.376 billion. Public infrastructure opportunities mainly lie in roads and highways, ports, electricity, education, solid waste, wastewater, and water supply. As of end 2006, the CDR had a total of \$1.8 billion in loans and protocols ratified by the Lebanese parliament but not yet disbursed. As of end September 2007, the CDR had a total of \$842 million in loans awaiting parliament's approval. In addition, the CDR has nearly \$600 million in grants mainly related to pledges prior to Paris III and earmarked for public investments for post-July 2006 war reconstruction. In addition, donors pledged \$2.7 billion in project financing at the Paris III Conference. The CDR has a limited absorptive capacity and targets spending around \$750 million annually.

A foreigner can establish a business under the same conditions that apply to a Lebanese national, provided the business is registered in the Commercial Registry. Foreign investors who do not manage their business in Lebanon do not need to apply for a work permit. However, foreign investors who own and manage their business in Lebanon must apply for an "Employer Work Permit" and a residency permit. The Employer Work Permit stipulates that the investor's share in the capital not be less than \$67,000 and that the investor pledges to hire three Lebanese and register them at the National Social Security Fund within six months. All companies established in Lebanon must abide by the Lebanese Commercial Code and regulations, and are required to retain the services of a lawyer. There are no sector-specific laws on acquisitions, mergers, or takeovers, except for bank mergers.

Lebanese law does not differentiate between local and foreign investors, except in land acquisition (see real property section below). Foreign investors can generally establish a Lebanese company, participate in a joint venture, or establish a local branch or subsidiary of their company without difficulty. Specific requirements apply for holding and offshore companies, real estate, insurance, media (television, political newspapers), and banking.

Lebanese laws allow joint-stock corporations, limited liability, and offshore and holding companies. A joint-stock corporation (Societe Anonyme Libanaise - SAL) is governed by Decree Law No. 304, dated January 24, 1942, on Commercial Law. There are some limitations connected with foreign participation: a general limitation on management participation (Article 144 stipulates that the majority of the Board of Directors should be Lebanese), indirect limitation with regard to acquisition of capital shares (Article 147), limitation on capital shares with regard to public utilities (Article 78), and limitation on capital shares and management with regard to exclusive

Investment Climate

commercial representation (Decree-law 34/67, dated August 5, 1967). In the financial sector, most establishments, including banking and insurance, should take the form of a joint stock company.

A limited liability company (Societe a Responsabilite Limitee - SARL) is governed by Decree Law No. 35, dated August 5, 1967. It can be fully owned by non-Lebanese and the management of the company can be conferred to non-Lebanese.

Holding and offshore companies follow the legal form of a joint-stock corporation and are governed by Decree Law No. 45 (on Holdings) and Decree Law No. 46 (on Offshore companies), dated June 24, 1983. A foreign non-resident Chairman/GM of a holding or an offshore company is exempt from the obligation of holding work and residency permits. The recent Law No. 772, dated November 2006, exempts holding companies from the obligation of having two Lebanese persons or legal entities on their Board of Directors. All offshore companies must register with the Beirut Commercial Registrar. Offshore companies must have at least two Lebanese on their Board of Directors; this obligation should be abrogated when parliament endorses a new law governing offshore companies to make it WTO compliant. The draft has been pending in parliament since October 2005.

Law No. 296, dated April 3, 2001, which amended the 1969 Law No. 11614, governs foreign acquisition of property. The new law eased legal limits on foreign ownership of property to encourage investments in Lebanon, especially in industry and tourism, abolished discrimination for property ownership between Arab and foreign nationals, and lowered real estate registration fees from six percent for Lebanese and 16 percent for foreigners to five percent for both Lebanese and foreign investors. The law permits foreigners to acquire up to 3,000 square meters of real estate without a permit; acquiring more than 3,000 square meters needs Cabinet approval. Cumulative real estate acquisition by foreigners may not exceed three percent of total land in each district. Cumulative real estate acquisition by foreigners in the Beirut region may not exceed 10 percent of the total land area. The law prohibits acquisition of property by individuals not holding an internationally recognized nationality. This is primarily aimed at Palestinian refugees residing in Lebanon to prevent them from permanently settling in Lebanon.

➔ Conversion and Transfer Policies

- ★ There are no restrictions on the movement of capital, capital gains, remittances, or dividends, or on the inflow and outflow of funds. The conversion of foreign currencies or precious metals is unfettered. Foreign currencies are widely available and can be purchased from commercial banks or money dealers at market rates. There are no delays in remitting investment returns except for the normal time required by the banks to carry out transactions.

➔ Expropriation and Compensation

- ★ Land expropriation in Lebanon is relatively rare. The Law on Expropriation (Law No. 58, dated May 29, 1991, Article One), as well as Article 15 of the Constitution, clearly specifies the purpose of expropriation and calls for fair and adequate compensation. The Government may expropriate property for public utility projects, such as enlarging highways and streets. Compensation is paid at the



time of expropriation and is often perceived as below market value. The Government does not discriminate against U.S. or other foreign investors, companies, or their representatives, in expropriation.

The Government, with the agreement of the Parliament, established two private and public real estate companies to encourage reconstruction and development in Greater Beirut (a private corporation "SOLIDERE" for Beirut's downtown commercial center, and a public company "ELYSSAR" for the southwest suburbs of Beirut). These companies have been granted the authority to expropriate certain lands for development, although in doing so they have faced serious legal challenges from landowners and squatters. Several court cases are still pending against SOLIDERE after 12 years of litigation.

➔ Dispute Settlement

- ✦ Over the last few years, the government has faced problems with previously awarded contracts. It has resorted to international arbitration to resolve them. In 2005, the International Chamber of Commerce's Arbitration Court issued rulings favorable to the two private operators of the cellular network, Cellis (which is two-thirds owned by France Telecom) and Libancell, whose contracts were terminated by the government in 2001. The government negotiated a settlement and paid them compensation.

There is currently one US company, owned and operated by a Lebanese-American citizen, which started an ISP company in Lebanon in early 2006, which is currently involved in a dispute with the government. Due to the July 2006 war and the delay in implementing a legislated change in fees, the company incurred extensive financial obligations to the government. Despite all efforts to negotiate a settlement with the Ministry of Telecommunications, the owner sought Embassy assistance, which has also been unsuccessful in resolving this issue. Because of the pending dues, the company is also unable to expand its capacity. Other Lebanese ISP providers have similar complaints.

Cases in Lebanese courts are not settled rapidly because of archaic procedures, a shortage of judges, inadequate support structures, and a traditional slowness in the handling of cases inherited from the days of the French mandate. There is occasionally interference by politicians and powerful lobbying groups in the court system. Local courts accept investment agreements drafted subject to foreign jurisdiction, if the latter does not contradict Lebanese Law. Judgments of foreign courts are enforced subject to the "exequatur" obtained. The Commercial Code (Book No. 5, Articles 459-668) and the Penal Code govern insolvency and bankruptcy. By law, a secured creditor has a right to share in the assets of a bankrupt party. Verdicts involving monetary values in contract cases are made according to the currency of the contract or its equivalent in Lebanese pounds at the official conversion rate on the day of the payment.

The "Lebanese Center for Arbitration" became operational on May 8, 1995. Created by local economic organizations, including the four Lebanese Chambers of Commerce, Industry and Agriculture, the Center acts as an arbitrator in solving Lebanese and international conflicts related to trade and investment. Its statutes are similar to those of the International Chamber of Commerce in Paris.

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نسبة العائدات لعام ٢٠٠٦



... دائماً حلو.



Lebanon has an administrative judicial system that handles all kinds of disputes involving the State. The government accepts binding international arbitration of investment disputes between foreign investors and the State related to contracts. In the case of a concession granted by contract by the State, the government does not accept binding international arbitration unless the contract includes an arbitration clause that obtained prior approval by decree issued by the Cabinet. However, there is an exception for investors of countries that have signed an investment protection agreement (ratified by the Lebanese Parliament) that stipulates international arbitration in case of dispute.

Lebanon is a member of the International Center for the Settlement of Investment Disputes (ICSID - Washington Convention). Lebanon has ratified the New York Convention of 1958 on the recognition and enforcement of foreign arbitral awards.

➔ Performance Requirements and Incentives

- ✦ There are no performance requirements on investment imposed by law. There are no requirements on foreign investors regarding geographic location, amount of local content, import substitution, export expansion, and technology transfer, or source of financing. Investors are not required to disclose proprietary information as part of the regulatory approval process, except in the case of banks, which must have the Central Bank's approval for transfer of ownership.

Foreign investors enjoy the same incentives as local investors. Foreigners doing business in Lebanon through establishment must have work and residency permits. Registration with a Chamber of Commerce is required for the import and handling of a limited number of products that are subject to control requirements for safety reasons. These products with special import regime constitute less than one percent of total tradable goods. Registration at the Chambers of Commerce is required for ensuring that established facilities meet safety, handling, and storage requirements.

The Investment Law divides Lebanon into three investment zones located outside Beirut, with different incentives provided in each zone. The Law encourages investments in the fields of technology, information, telecommunications and media, tourism, industry, and agriculture. Incentives include: (a) facilitating issuance of permits for foreign labor; (b) tax incentives ranging from 50 percent tax reduction for five years on income tax and tax on the distribution of dividends until total exemption of these taxes for ten years starting from the date of operation (issuance of first invoice); and (c) exempting companies that list 40 percent of their shares on the Beirut Stock Exchange from income tax for two years. The Investment Law allows the introduction of tailor-made incentives through package deals for large investments projects regardless of the project's location, including tax exemptions for up to 10 years, reductions on construction and work permit fees, and total exemption on land registration fees. IDAL can exempt joint-stock companies that benefit from package deal incentives from the obligation of having a majority of their Board of Directors being Lebanese (Law 771, dated November 2006). Investors who seek to benefit from facilities in the issuance of work permits under "package deals" must hire two Lebanese for every foreigner and register them with the National Social Security Fund.

Other laws and legislative decrees provide tax incentives and exemptions depending on the type of investment and its geographical location. Industrial investments in

Investment Climate

rural areas benefit from tax exemptions of six or ten years, depending on specific criteria (Law No. 27, dated July 19, 1980, Law No. 282, dated December 30, 1993, and Decree No. 127, dated September 16, 1983). Exemptions are also available for investment in south Lebanon, Nabatiyeh, and the Biqa' (Decree No. 3361, dated July, 2, 2000). For example, new industrial establishments manufacturing new products will benefit from a 10-year income tax exemption. Factories currently based on the coast that relocate to rural areas or areas in south Lebanon, Nabatiyeh, and the Biqa' benefit from a six-year income tax exemption.

The Government reduces to five percent the tax on dividends for: (a) companies listed on the Beirut Stock Exchange (BSE); (b) companies that open up 20 percent of their capital to Arab companies listed on their country's stock exchange or foreign companies listed on the stock exchange of OECD countries; and (c) companies that issue GDRs (Global Depository Receipts) amounting to a minimum 20 percent of their shares listed on the BSE.

Domestic and foreign investors can benefit from five to seven percent \$10 million provided by banks, financial institutions and leasing companies to industrial, agricultural, tourism, and information technology establishments.

Custom exemptions are granted to industrial warehouses for export purposes. Companies located in the Beirut Port or Tripoli Port Free Zone benefit from a 10 year corporate tax holiday and are not required to register their employees with the National Social Security Fund if they provide equal or better benefits.

➔ Right to Private Ownership and Establishment

- ★ The right to private ownership is respected in Lebanon. Foreign private entities can establish, acquire, and dispose of interests in business enterprises and can engage in all kinds of remunerative activities.

➔ Protection of Property Rights

- ★ The concept of a mortgage exists, and secured interests in property, both movable and real, are recognized and enforced. Such security interests must be recorded in the Commercial Register and the Real Estate Register. Lebanon has a Real Estate Law that governs acquisition and disposition of all property rights by Lebanese nationals; Law No. 296, dated April 3, 2001, governs real estate acquisition by non-Lebanese.

Lebanon has legislation to provide adequate intellectual property right protection. However, enforcement is weak. Lebanon has been on the United States Trade Representative's Priority Watch List for a number of years. Lebanon is under the Generalized System of Preferences (GSP) review for inadequate enforcement of copyright laws. The High Tech and Intellectual Property Crime Unit, established at the Internal Security Forces (ISF) in 2006 to boost IPR enforcement, has seen some progress. During 2007, the Lebanese Government continued to raid shops and warehouses that were storing or displaying pirated content. However, rampant cable television piracy continues, and the Government has not taken concrete measures to tackle it. Well over 90 percent of Lebanon's cable subscribers view pirated content, one of the highest rates in the world. The U.S. Motion Picture Industry estimated



annual losses to the U.S. motion picture industry due to audio-visual piracy in Lebanon at \$35.5 million in 2006. This covers theatrical (\$1.8 million), cable (\$31.8 million), and DVDs (\$1.86 million) markets. Meanwhile, the International Intellectual Property Alliance (IIPA) estimated losses to U.S. music and business software industries due to piracy at \$25.6 million in 2006. Retail piracy of pre-recorded optical discs is widespread. The Business Software Alliance (BSA) indicated that computer software piracy remained unchanged at 73 percent in 2005 and 2006. The BSA ranked Lebanon 35th worst worldwide and third worst in the Middle East and North Africa region in terms of piracy in 2006. Unauthorized copies of internationally patented pharmaceuticals continue to be approved by the Ministry of Health. The judicial system is not very effective in deterring IPR crimes.

- ✦ Existing intellectual property right laws cover copyright, patent, trademarks, and geographical elements.
 - Lebanon's 1999 Copyright Law largely complies with WTO regulations and needs minor amendments to become fully compatible. The new law allows educational institutions and students to copy legitimately acquired software for non-commercial use. Registration of copyrights in Lebanon is not mandatory. Copyright protection is granted without the need for any registration.
 - A modern and TRIPS-compatible Patent Law, approved in 2000, provides general protection for semiconductor chip layout designs, plant varieties, and trade secrets, but no adequate coverage for trade secrets. The Lebanese legal regime does not require examination, prior to registration, of patents for novelty, utility, and innovation. Simple patent deposit is required at the Ministry of Economy and Trade. The application is examined only for conformity with general laws and ethics.
 - The Council of Ministers approved the drafts for a new Industrial Designs and Trademark Law in October 2007 and Geographical Indications in May 2007. These now await Parliamentary ratification. The 1924 Law on Industrial Property does not require examination of trademarks, but calls for simple deposit. However, examination of trademarks prior to registration became the norm starting in 2001. Registration of industrial trademarks takes about one week.
 - Lebanon signed the Singapore Treaty on Trademark in December 2006.
 - Lebanon has not signed any WIPO internet treaties.
 - Lebanon signed a Trade and Investment Framework Agreement (TIFA) with the United States in December 2006. (See Section B)
 - Lebanon is aggressively pursuing WTO accession. A USAID-funded technical assistance project with consultants from PricewaterhouseCoopers and Booz Allen Hamilton worked from May 2000 to December 2007 with the GOL to revise, update and draft appropriate laws to ensure early accession.

➔ Transparency of Regulatory System

- ✦ Private sector companies should be wary when bidding for public projects. Transparency, clear regulations and fair consideration of bids have never been the



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rule in Lebanon. There is no one specific law regulating all aspects of government procurement in Lebanon. Government administrations often award contracts by mutual agreement, without calling for a tender. The government does not always establish "clear rules of the game."

Lebanon does not have a streamlined regulatory system for business entry, operation and exit. However, the process does not discriminate against foreign investors.

Red tape plagues bureaucratic procedures. International companies are faced with an unpredictable, opaque operating environment, and often encounter unanticipated obstacles or costs late in the process. According to the IFC Doing Business 2008 report, entrepreneurs can expect to go through six steps over 46 days to start a business in Lebanon. Enforcing commercial contracts takes 37 procedures and 721 days. Furthermore, enforcing a contract in Lebanon costs 30.8 percent of the claim. The report may be accessed at <http://www.doingbusiness.org>.

The government does not publish proposed laws and regulations in draft for public comment. However, the practice in Lebanon is to form drafting committees both from the public and private sector incorporating representatives of all stakeholders when preparing legislation. In general, legal, regulatory and accounting systems are consistent with international norms.

USAID has been providing Transparency and Accountability Grants (TAG) for the past seven years, in an effort to strengthen anti-corruption efforts in all sectors, all over Lebanon. The program has drawn civil society organizations from all regions of the country creating innovative programs focusing on increasing transparency, accountability, and good governance. The post-July 2006 war period witnessed new challenges for Lebanon with security and political crises causing delays for all programming. Despite the myriad challenges, TAG was successful in launching 16 new programs while continuing to support program activities of other grants made the previous year that were still ongoing. New projects focused on such key issues as women's advocacy, accountability in the nursing profession, legislative reform and government plans and policies, legal and judicial ethics, intellectual property rights, post-war economic policy, legal rights, a youth environment parliament, capacity building of promising new NGOs, enhancing the capabilities of the new Telecommunications Regulatory Authority, and supporting the Prime Minister's efforts to publicly list all revenues and expenditures linked to post-war reconstruction. Moreover, a political participation initiative mobilized youth nationwide to address environmental issues. TAG has reached tens of thousands beneficiaries. For example, one public awareness campaign with advertisements on all local TV stations reached at least tens of thousands of TV viewers. A project on judicial and legal ethics has outreach components to 10,000 lawyers and judges, and 50,000 citizens.

➔ Efficient Capital Markets and Portfolio Investment

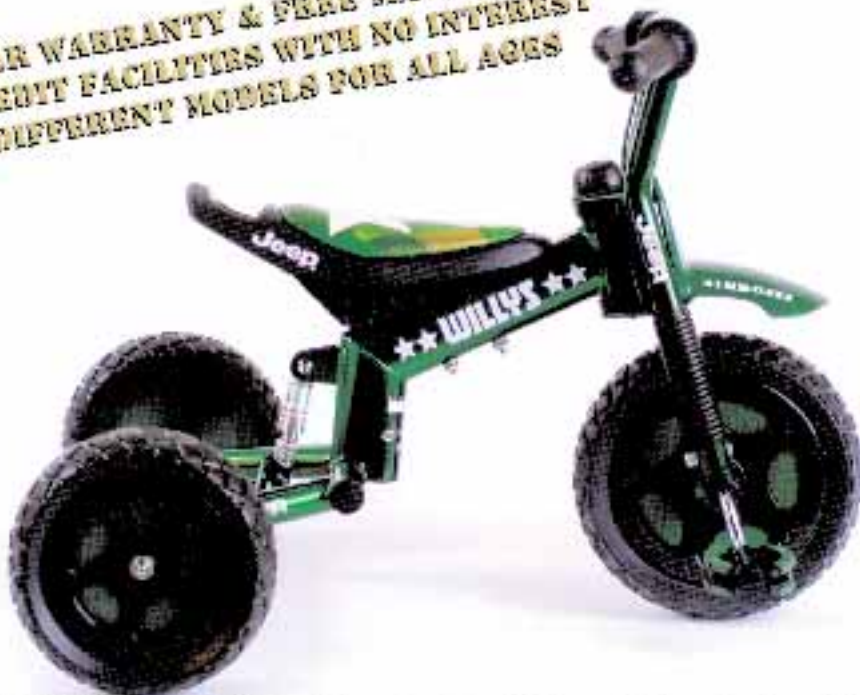
- ✦ Lebanon places no restrictions on the movement of capital in or out of the country, whether for investment or other purposes. The Government permits the free exchange of currencies, precious metals, and monetary instruments, both domestically and internationally. According to the UN report "Sending Money Home: Worldwide Remittances to Developing Countries," the inflow of expatriate



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remittances into Lebanon for 2006 reached \$5.72 billion, the second largest in the MENA region. As a percentage of GDP, remittances were estimated at 25.2 percent, the highest in the MENA region.

Credit is allocated on market terms, and foreign investors can get credit facilities on the local market. The private sector has access to overdrafts and discounted treasury bills, in addition to a variety of credit instruments, such as housing, consumer, or personal loans, and loans to small and medium enterprises. The International Finance Corporation (IFC) and the European Investment bank (EIB) have been separately extending financial facilities through the Lebanese banking sector to help small and medium enterprises (SMEs). In 2007, the EIB and the French Development Agency (French counterpart of USAID) have separately extended loans to the Lebanese banking sector to help the private sector recover from the impact of the July 2006 war. In late 2006, the Overseas Private Investment Corporation (OPIC) extended USD 108 million in credit line guarantees through Citibank to selected Lebanese banks for private sector lending.

In 2006, the MOET launched an EU-financed project to upgrade the quality of local manufacturing to match international standards as well as build the capacity of manufacturers and producers. The Ministry also launched incubators for SMEs in four regions in Lebanon (North, South, Biqa', and Mount Lebanon) through an EU-financed project.

The Beirut Stock Exchange (BSE) quotes six commercial banks, four investment funds, 16 sovereign Eurobond issues (13 in dollars, two in Euro, and one in Lebanese Pounds), and five companies, including "SOLIDERE," one of the largest publicly held companies in the region. Trading is a combination of auction and continuous trading. Legislation allows the listing of tradable stocks or papers on the BSE. Lebanon is now the headquarters of the Arab Stock Exchange Union.

The regulatory system is transparent and consistent with international norms. Banks conform to Bank for International Settlement (BIS) standards. Lebanon has legislation regulating issuance of and trading in bank equities. Parliament passed Law No.308, dated April 3, 2001, on unification of bank shares whereby banks may increase their capitalization and shareholder base as well as optimize trading of bank shares on the BSE. New laws governing the operation of the stock market, such as the formation of a Financial Market Authority to oversee Lebanon's stock market operations, await Parliament's approval. Parliament ratified in November 2005 a new law on asset securitization. There are no restrictions on portfolio investment; foreign investors can invest in Lebanese equity and fixed income paper.

The banking system is sound and enjoys a high capital adequacy ratio of about 22 percent, almost triple the ratio set by Basel I (eight percent). The CBL and the Banking Control Commission (BCC) have set up a committee to prepare the banking sector to comply with the three pillars of Basel II recommendations. As of January 1, 2008, the Lebanese banking sector complied with Pillar I of Basel II (new capital adequacy ratio). The CBL and the BCC are currently issuing new circulars for banks to comply with Pillar II and III of Basel II in 2008. The Association of Lebanese Banks has separately set up a committee to follow-up on this issue.

Investment Climate

The Lebanese banking sector, encouraged by the CBL, continues to consolidate. Over 25 bank mergers have taken place in the past decade, and additional mergers are anticipated after Parliament approved a revised Bank Mergers' Law. International firms established in Lebanon, such as Standard Chartered Bank, BNP/Paribas, HSBC, Citibank and Merrill Lynch, remain active. Many sectors are dominated by traditional businesses in the hands of commercially powerful families. The Government is trying to improve the transparency of such firms in order to help solidify an emerging capital market for company shares.

The total assets of Lebanon's five largest commercial banks reached about \$8.3 billion in 2006, or 54.9 percent of total banking assets. At the end of 2006, about 18.5 percent of total loans were estimated as non-performing, compared to 20.8 percent at the end of 2005. By the end of September 2007, the total assets of Lebanon's five largest commercial banks reached about USD 56.8 billion, or roughly 59 percent of total banking assets. Banks continue to maintain more than two-thirds provisions against non-performing loans, while the remaining provision is covered by adequate collateral.

The Financial Action Task Force (FATF) recognized in its October 2003 Plenary Lebanon's sustained efforts to implement its anti-money laundering regime and decided to end formal monitoring of Lebanon. In July 2003, Lebanon joined the Egmont Group of Financial Intelligence Units; this group works on international cooperation in the fight against money laundering. On November 30, 2004, Lebanon, represented by the Secretary of the Special Investigation Commission (SIC) fighting money laundering and terrorism finance, was elected to head the newly established Middle East and North Africa (MENA) FATF -- a FATF-styled regional body that promotes best practices to combat money laundering and terrorism financing in the MENA region -- for the first year. In March 2006, Lebanon's SIC Secretary was elected to chair the US-MENA Private Sector Dialogue initiative.

➔ Political Violence

- ★ Lebanon's location between two major regional states, Israel and Syria, directly affects the country's political and security environment. The 2006 war erupted on July 12, when Hizballah mounted a cross-border raid that killed and kidnapped Israeli soldiers. It ended with an UN-sponsored cessation of hostilities on August 14, 2006. Despite the cessation of hostilities and the deployment of Lebanese Armed Forces (LAF) and United Nations Interim Forces in Lebanon (UNIFIL) troops in the south, armed Lebanese groups, particularly the U.S.-designated terrorist organization Hizballah, retained significant influence over parts of the country. Palestinian groups hostile to both the Lebanese government and the U.S. operate largely autonomously inside refugee camps in different areas of the country. Although Syrian forces withdrew from Lebanon in 2005 after 30 years of occupation, Syria still exerts influence over Lebanon's economy as a major trading partner, a gateway for Lebanon's trade with the Gulf states, and through networks of pro-Syrian Lebanese nationals.

From May 20 to September 2, 2007, a conflict involving the Lebanese Armed Forces (LAF) and militant Islamic fundamentalist group Fatah al-Islam (FAI) took place in Nahr el-Barid, a Palestinian refugee camp in the north of the country. The Lebanese



Army took control of the camp. The death toll was 167 LAF soldiers and an estimated 42 civilians.

As a result of the May-September Nahr el-Barid conflict, an estimated 35,000 Palestinian refugees were displaced. The majority sought shelter with host families in the neighboring Beddawi camp in northern Lebanon, while several hundred families sought shelter in UNRWA as well as government-run schools throughout the north of the country. In October refugees began returning to the "new camp" along the periphery of Nahr el-Barid. At year's end, UNRWA estimated that approximately 6,000 refugees returned to the new camp.

In 2007, the campaign of domestic political violence continued. Most notable were the assassinations of MP Walid Eido on June 13, MP Antoine Ghanem on September 19, and LAF Chief of Operations Brigadier General Francois Hajj on December 12. UNIFIL was the target of a terrorist attack on June 24, when six members of the Spanish battalion of UNIFIL were killed in an explosion along the Kham road in South Lebanon. On July 16, a vehicle belonging to the Tanzanian contingent was damaged in a bomb blast in southern Lebanon, but there were no casualties. On January 8, 2008, UNIFIL was attacked again, with a roadside bomb in Rmeileh, Sidon that injured two Irish officers. Since the 2004 assassination attempt against Telecom Minister Marwan Hamadeh, there have been 13 politically-motivated attempts or assassinations against Lebanese officials or other key figures, including that of former Prime Minister Rafiq Hariri. Attacks have targeted Lebanese journalists and politicians critical of Syrian interference in Lebanon, including attempts against Telecom Minister Hamadeh, Defense Minister Elias Murr, and journalist May Chidiac, and the assassinations of Industry Minister and MP Pierre Gemayel, MP Gebran Tueni, and journalist Samir Kassir. All of these attacks still remain unsolved, but the UN International Independent Investigation Commission (UNIIC) is investigating the Hariri assassination and others, in cooperation with the Lebanese government.

The political deadlock that began with the November 2006 resignation of the five Hizballah and Amal movement Shia Ministers as well as a Greek-Orthodox Minister, continued during the year. Former President Emile Lahoud left office on November 23, 2007, but Parliament so far has failed to elect a new president. Speaker Nabih Berri adjourned the session to elect a new president 11 times and Lebanon has been without a president since November 24, 2007.

On January 23, 2007, opposition protestors paralyzed Lebanon by burning tires and cars on major streets in various areas, enforcing a general strike called for by the opposition. On January 25, 2007, Sunni and Shia students clashed violently at the Beirut Arab University, which escalated into civil unrest in parts of Beirut. As a result, the LAF declared a one day curfew. The opposition's sit-in in downtown Beirut continued during 2007.

On January 15, 2008, an embassy vehicle was the subject of a terrorist attack. On January 25, 2008 ISF Captain Wissam Eid was assassinated in a car bomb. Continuing political violence could have serious consequences for Lebanon's economic stability and growth.

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➔ Corruption

- ✦ There is rampant corruption when dealing with the public sector. According to Transparency International (TI), perceived corruption in Lebanon worsened in 2007, after a slight improvement in 2006. Lebanon's score fell from 3.6 to three out of 10 in TI's Annual Corruption Perception Index, and its ranking fell from 63 out of 163 to 99 out of 180 countries surveyed.

The International Financial Corporation (IFC) and the Lebanese Transparency Association (LTA) signed a memorandum of understanding (MOU) on October 11, 2007, to establish the Institute of Corporate Governance in Lebanon. The IFC will provide a USD 250,000 grant for the Institute, which will provide training courses on corporate governance, offer consultancy services, carry out research and educational activities, and organize awareness-raising private sector events in Lebanese and MENA region.

Lebanon has laws and regulations to combat corruption, but historically these are not always enforced. Lebanon is finalizing the legal procedure to adhere to the UN Anticorruption Convention. Lebanon is not a signatory to the OECD Convention on Combating Bribery. According to Lebanese law, it is a criminal act to give or accept a bribe. The penalty is imprisonment for up to three years, with hard labor in some cases, plus a fine equal to at least three times the value of the bribe. Bribing a government official is also a criminal act. The Central Inspection Directorate is responsible for combating corruption in the public sector, while the public prosecutor is responsible for combating corruption in the private sector.

Corruption is more pervasive in government contracts (primarily in procurement and public works), taxation, and real estate registration, than in private sector deals. It is widely believed that investors routinely pay bribes to win government contracts, which are often awarded to companies close to powerful politicians.

The Ministry of Finance (MOF) launched a 24/7 call center on December 4, along with an electronic tax declaration system, and a service whereby citizens can handle issues dealing with property tax through the Lebanese postal service, Libanpost. These services are expected to decrease corruption.

➔ Bilateral Investment Agreements

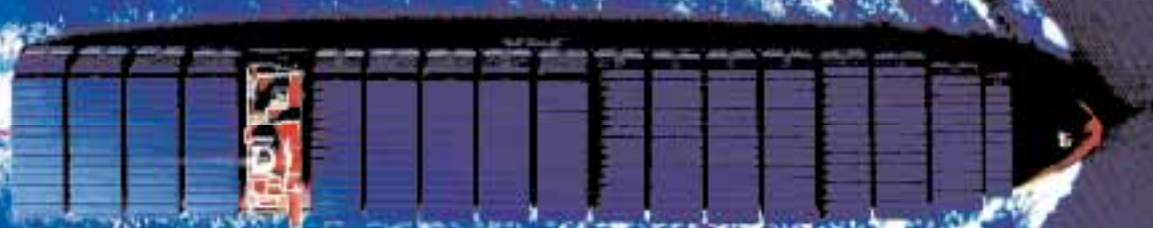
- ✦ The U.S. has neither a bilateral investment treaty (BIT) with Lebanon, nor an agreement on the avoidance of double taxation. Lebanon has expressed an interest in signing both. Discussions of a Bilateral Investment Treaty (BIT) reached a preliminary stage in 2001 and have been pending since then. Several politicians have publicly expressed caution regarding a Middle East Free Trade Area.

On December 1, 2006, the United States Trade Representative (USTR) and the Ministry of Economy and Trade signed a Trade and Investment Framework Agreement (TIFA). Apart from pledging to foster an environment conducive to mutual trade and investment, the TIFA requires the two parties (represented by USTR and the Ministry, respectively) to set up a United States-Lebanon Council on Trade and Investment which will meet twice a year or more to consult on trade and investment impediments and any other issues of concern. The Council will



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seek and consider the views of private sector representatives in both countries. Finally, under the TIFA, the United States and Lebanon agreed to a consultation mechanism that may be activated by either party within 60 days in the event of a dispute or other development affecting trade relations.

At the signing ceremony for the TIFA, the Economy Minister expressed interest in signing a Free Trade Agreement (FTA) with the U.S. Government. However, there has been no work toward such an agreement as of this time.

Lebanon has signed bilateral investment agreements with the following countries (in alphabetical order): Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium/Luxemburg, Benin, Bulgaria, Canada, Chad, Chile, China, Cuba, Cyprus, Czech Republic, Egypt, Finland, France, Gabon, Germany, Greece, Guinea, Hungary, Iceland, Iran, Italy, Jordan, Kuwait, Malaysia, Mauritania, Morocco, Netherlands, Oman, Pakistan, Romania, Russia, South Korea, Spain, Sudan, Sweden, Switzerland, Syria, Tunisia, Turkey, Ukraine, the U.A.E., the U.K., and Yemen.

Lebanon has signed bilateral tax conventions with over 30 countries, but not with the United States.

Lebanon signed the Euro-Mediterranean Partnership agreement in 2002, and the interim agreement entered into force in March 2003. The final agreement came into force in April 2006. In 2004, Lebanon and the European Free Trade Association (EFTA) signed a free trade agreement. Lebanon and Syria have four bilateral cooperation agreements in the fields of economics, transport, agriculture, and health. Lebanon has also signed the Arab Free Trade Zone Agreement, as well as bilateral Free Trade Agreements with Egypt, Iraq, Kuwait, Syria, and the UAE.

➔ OPIC and Other Investment Insurance Programs

- ✦ On February 10, 1981, Lebanon and the U.S. signed an OPIC agreement in Beirut, but no investment using OPIC insurance coverage was undertaken until 1996. OPIC is currently engaged with Lebanon in three areas: insurance, financing, and investment. OPIC is preparing to work with Citibank for the second consecutive year on a program that will offer loans to SMEs through selected Lebanese commercial banks; this program was first operational in January 2007, with OPIC providing USD 120 million in credit line guarantees. OPIC is also finalizing an agreement to begin financing the EURO MENA II Fund, a fund of \$200-300 million based in Beirut, with a foreign fund management firm.

The Lebanese government's National Investments Guarantee Corporation (NIGC), which was established in 1977, continues to insure new investments against political risks, riots, losses due to non-convertibility of currencies, and transfer of profits. Other major trade/investment insurance programs operating in Lebanon include COFACE (France), ECGD (UK), HERMES (Germany), SACE (Italian), and IAIGC (Arab Consortium). Lebanon has joined the Multilateral Investment Guarantee Agency (MIGA) of the World Bank.

The U.S. dollar value of the local currency has been trading at about Lebanese Pound (Lira, or LL) 1,500 to the dollar for the last 12 years. The Government of

Investment Climate

Lebanon has repeatedly expressed its commitment to maintaining a stable Lebanese Pound. With foreign assets of about \$12.4 billion as of the end of December 2007, the CBL has the ability to maintain a stable USD/LL rate. One reason the pressure on the local currency can be contained is that 77 percent of customers' deposits in the banking sector are in foreign currencies.

➔ Labor

- ★ The 1964 Labor Law provides for written and oral contracts and specifies a maximum workweek of 48 hours (with several exceptions, notably in agriculture and the food service industries). The law provides for the right of association and the right to organize and bargain collectively. Lebanon is a member of the International Labor Organization (ILO) Convention.

There are no thorough or reliable statistics on population, the Lebanese labor force, and unemployment. Lebanon's working population totals 1.1 million, including foreign residents, but excluding the seasonal work force, according to the Central Administration of Statistics' (CAS) 2004 National Survey of Household Living Conditions. CAS estimates Lebanon's population in 2004 at 3.75 million, excluding Palestinians in the camps and seasonal workers. According to a 2004 St. Joseph University study, the unemployment rate is close to nine percent, while CAS estimated unemployment at eight percent in its 2004 Household Living Conditions survey. The CAS Survey showed that unemployment reached 27 percent for the age group 15-19 years and 17.3 percent for the age group 20-24 years. The unemployment rate is somewhat attenuated because about one-third of the total workforce works outside Lebanon, mainly in Arab countries and the Gulf, according to prominent consultants.

Local unskilled labor is in short supply. Arab (mainly Syrian and some Palestinian refugees), Asian, Indian, and African laborers are hired to work in construction, agriculture, industry, and households.

Lebanon has a General Confederation of Labor (GCL), recognized by the government, whose membership is limited exclusively to Lebanese workers. The GCL's activities are mainly limited to demanding cost-of-living increases and other social benefits. The government/labor relationship has improved compared to previous years, yet it remains difficult. Given its own political problems, the GCL has been ineffective in protesting a steady increase in consumer prices. Worker-employer relations have also been problematic, and strikes take place frequently to protest layoffs.

➔ Foreign-Trade Zones/Free Ports

- ★ Foreign-owned firms have the same investment opportunities as Lebanese firms. Lebanon has two free zones in operation, the Beirut port and the Tripoli port. The reconstruction of a 120,000 square meter free zone at the Port of Beirut is complete, and a 6,000-square meter bonded warehouse facility is now available. The new Customs Law (WTO compatible) issued by Decree No. 4461, dated December 15, 2000, fosters the development of free zones (Chapter III, Articles 242-261).



Foreign Direct Investment Statistics

- There are no official statistics available on foreign direct investment (FDI). Banking sources estimated that construction and real estate account for the largest part of foreign investment. According to the 2006 Inter-Arab Investment Guarantee Corporation (IAIGC) annual report, Lebanon was the fourth largest recipient of Arab investment, out of nine surveyed Arab countries, down from third place in 2005, second in 2004 and first in 2003. Most of these investments occurred in the first half of 2006, prior to the July war. Investments in Lebanon reached \$2.3 billion in 2006, up 31 percent from \$1.7 billion in 2005. Arab investments in Lebanon were mainly channeled to the services sector, representing 42 percent of total investments in the country.

According to the 2007 UNCTAD World Investment Report, the flow of FDI into Lebanon totaled \$2.79 billion in 2006, a slight increase from 2005. Lebanon was the tenth largest recipient of FDI among the 20 MENA countries in 2006. The FDI inflows to Lebanon accounted for 3.6 percent of total FDI inflows in the MENA region. The FDI outflows from Lebanon totaled \$71 million in 2006, down by 42 percent from \$122 million in 2005. The report placed Lebanon in the category of countries with low FDI potential but high FDI performance, thus among countries that showed "above potential" results in terms of attracting FDI. Foreign direct investment still constitutes a small part of capital inflows to Lebanon, with the lion's share comprising remittances, repatriated capital, and placements in Treasury bills and Eurobonds.

French, Italian, German, British, Korean, and Finnish companies have won most of the government contracts in the fields of electricity, water, and telecommunications, and for the Sport City Center and Beirut International Airport (BIA) projects. This could be attributed to: (a) the travel ban which delayed the physical presence of U.S. nationals representing their companies in the Lebanese market to bid on projects until 1997, and (b) tied bilateral financial protocols, which provide grants and soft-term loans, signed between Lebanon and some European countries. U.S. companies won contracts in solid waste treatment and landfill, and some contracts in the power sector, air transport (radar equipment for BIA), and media (equipment for the national broadcaster Radio Lebanon).

The U.S. Embassy in Beirut tracks U.S. companies' activities in the Lebanese market. The Embassy actively lobbies to support U.S. nationals bidding on projects, providing equal support to all U.S. bidders via letters and direct meetings with senior Lebanese government officials, and demanding fair consideration of U.S. companies that are bidding on business opportunities in Lebanon. In some cases, the Embassy and U.S. Department of Commerce have provided higher-level advocacy from Washington. The Embassy encourages U.S. companies bidding on projects to contact the Embassy's Commercial Section for assistance and advocacy.

Investment Climate

➔ Web Resources

Central Bank of Lebanon: <http://www.bdl.gov.lb>

Council of Development and Reconstruction (CDR): <http://www.cdr.gov.lb>

Ministry of Economy and Trade: <http://www.economy.gov.lb>

Ministry of Finance: <http://www.finance.gov.lb>

Telecom Regulatory Authority (TRA): <http://www.lebanonmobileauction.com>

International Finance Corporation (IFC): <http://www.doingbusiness.org>

Investment development Authority of Lebanon (IDAL): <http://www.idal.com.lb>

Overseas Private Investment Corporation (OPIC): <http://www.opic.gov>

United Nations Conference on Trade and Development (UNCTAD):
<http://www.unctad.org>

U.S. Commercial Service Lebanon: <http://www.buyusa.gov/lebanon/en>





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★ Chapter 07

Trade and Project Financing

- ➔ *How Do I Get Paid (Methods of Payment)*
- ➔ *How Does the Banking System Operate*
- ➔ *Foreign-Exchange Controls*
- ➔ *U.S. Banks and Local Correspondent Banks*
- ➔ *Project Financing*
- ➔ *Web Resources*

➔ How Do I Get Paid (Methods of Payment)

- ✦ Lebanon has no restrictions on currency conversions and transfers, and no foreign exchange controls affect trading. About 50 percent of international trade is financed through letters of credit, and the remaining 50 percent through direct transfers. There are no credit rating agencies or collection agencies currently operating in Lebanon. Bank and sovereign Eurobonds are the only entities rated by international rating agencies.

➔ How Does the Banking System Operate

- ✦ Lebanon is a financial hub for banking activities in the Middle East. It has one of the most sophisticated banking sectors in the region. Bank secrecy is strictly enforced. The Central Bank of Lebanon (CBL) regulates all financial institutions and money exchange houses. In April 2001, Lebanon adopted Law No. 318, which created a framework for lifting bank secrecy, mandating suspicious transaction reporting, requiring financial institutions to obtain and maintain records of customer identification information, and facilitating access to banking information and records by judicial authorities.

Foreigners can open accounts in banks operating in Lebanon and get credit on market terms. The Banking Control Commission (BCC) closely monitors bank credits. All credit transactions are subject to timely and accurate disclosure. The National Institute for the Guarantee of Deposits insures up to LL 5 million (about \$3,317) of Lebanese and foreign currency deposits in commercial banks. Bank financial statements are in compliance with international accounting standards. Independent auditors audit annual accounts, and most banks utilize internationally recognized accounting firms.

➔ Foreign-Exchange Controls

- ✦ Lebanon imposes no foreign exchange controls. The foreign exchange market is neither regulated nor restricted.

➔ U.S. Banks and Local Correspondent Banks

- ✦ Below is a list of U.S. banks operating in Lebanon:



CITIBANK N.A.

Clemenceau Street,
Gefinor Center, Bloc E, 5th &6th floors
P.O.Box 113-5794
Beirut, Lebanon
Tel: 961-1-738400/5
Fax: 961-1-738406
<http://www.citi.com>

AMERICAN EXPRESS BANK (Representative Office)

Foch Street, Beirut Central District
The Atrium Bldg, 3rd floor
Beirut, Lebanon
P.O.Box 11-0327
Beirut, Lebanon
Tel: 961-1-987722
Fax: 961-1-987723
<http://www.americanexpress.com>

BANK OF NEW YORK (Representative Office)

Maarad Street, Place de l'Etoile
The Atrium Bldg, 3rd floor
Beirut, Lebanon
Tel: 961-1-988788
Fax: 961-1-989001
<http://www.bankofny.com>

JP MORGAN CHASE BANK (Representative Office)

Clemenceau Street, Gefinor Center, Bloc B,
16th floor, Suite No.1601
Beirut, Lebanon
P.O.Box 11-5133
Beirut, Lebanon
Tel: 961-1-739583
Fax: 961-1-739581
<http://www.jpmorgan.com>

- ✦ Below is a list of the top ten Lebanese commercial banks (ranked by assets as of December 31, 2006) with correspondent U.S. banking arrangements:

BLOM BANK S.A.L.

BLOM Bank Bldg
Rashid Karamah Street.
P.O.Box: 11-1912 Riad El Solh
Beirut, Lebanon
Tel: 961-1-738938; 961-1-743300
Fax: 961-1-738946
<http://www.blom.com.lb>



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Beirut, Lebanon

Tel: 961-1-994000

Fax: 961-1-990555

<http://www.banqueaudi.com>

BYBLOS BANK S.A.L.

Byblos Bank Tower,
Elias Sarkis Avenue, Ashrafieh
P.O.Box: 11-5605 Riad El Solh
Beirut, Lebanon

Tel: 961-1-335200

Fax: 961-1-339436

<http://www.byblosbank.com.lb>

BANKMED S.A.L.

Mediterranee Group Center
482 Clemenceau Street
P.O.Box: 11-0348 Riad El Solh
Beirut, Lebanon

Tel: 961-1-373937

Fax: 961-1-362706

FRANSABANK S.A.L.

Fransabank Center, Hamra Street
P.O.Box: 11-0393 Riad El-Solh
Beirut, Lebanon

Tel: 961-1-340180/8; 01-745761/4

Fax: 961-1-354572

<http://www.fransabank.com>

BANQUE LIBANO-FRANCAISE S.A.L.

Beirut Liberty Plaza
Rome Street, Hamra

P.O.Box 11-0808

Beirut, Lebanon

Tel: 961-1-791332

Fax: 961-1-791332 x 1318

<http://www.eblf.com>

BANK OF BEIRUT S.A.L.

Bank of Beirut Bldg
Foch Street, Beirut Central District,
P.O.Box: 11-7354

Beirut, Lebanon

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 P.O.Box: 11-2955
 Beirut, Lebanon
 Tel: 961-1-980783
 Fax: 961-1-980785
<http://www.sgbl.com.lb>

Source: Association of Lebanese Banks

➔ Project Financing

- ✦ Project financing in Lebanon varies and is not always clearly defined. According to the Council for Development and Reconstruction (CDR), the government's executive body for redevelopment, as of end 2006, CDR had a total of \$1.8 billion in loans and protocols ratified by the Lebanese parliament but not yet disbursed. As of end September 2007, CDR had a total of \$842 million in loans awaiting parliament's approval. In addition, CDR has nearly \$600 million in grants mainly related to pledges prior to Paris III and earmarked for public investments for post-July 2006 war reconstruction. Moreover, donors pledged \$2.7 billion in project financing at the Paris III conference.

About 30 foreign financing sources are involved in CDR's reconstruction plan. Ten main financing sources have contributed over 90 percent of the total foreign financing. These are the World Bank, the Arab Fund for Economic and Social Development, the European Investment Bank, Kuwaiti funds, the Islamic Development Bank, Saudi Arabia, Italy, France and commercial banks.

The World Bank opened a permanent office in Lebanon in early 2000 to track World Bank loans and to assist the Lebanese government in obtaining additional loans geared towards administrative, tax, and social reform, as well as assistance to municipalities.

Trade and Project Financing

➔ Web Resources

- Export-Import Bank of the United States: <http://www.exim.gov>
- Country Limitation Schedule:
http://www.exim.gov/tools/country/country_limits.html
- OPIC: <http://www.opic.gov>
- Trade and Development Agency: <http://www.tda.gov/>
- SBA's Office of International Trade: <http://www.sba.gov/oit/>
- USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>
- U.S. Agency for International Development: <http://www.usaid.gov>
- Council for Development and Reconstruction: <http://www.cdr.gov.lb>
- Central Bank of Lebanon: <http://www.bdl.gov.lb>
- Association of Lebanese Banks: <http://www.abl.org.lb>

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★ Chapter 08 Business Travel

- ➔ *Business Customs*
- ➔ *Travel Advisory*
- ➔ *Visa Requirements*
- ➔ *Telecommunications*
- ➔ *Transportation*
- ➔ *Language*
- ➔ *Health*
- ➔ *Local Time, Business Hours and Holidays*
- ➔ *Temporary Entry of Materials and Personal Belongings*
- ➔ *Web Resources*

➔ Business Customs

- ✦ Arabic is the official language in Lebanon. French and English are widely spoken. Business cards are commonly used. Dress code is formal in most business and official settings.

Lebanon uses the metric system of weights and measures, and the monetary unit is the Lebanese pound (LL), also called the Lira. There are no exchange controls, and U.S. dollars circulate freely. Cash is the most common method of payment in Lebanon. Payment by check or credit card is possible nearly everywhere. Bank ATM machines are widespread and cash may be withdrawn in Lebanese pounds or U.S. dollars.

➔ Travel Advisory

- ✦ The U.S. Department of State advises all U.S. citizens of the risks of travel to Lebanon and recommends that Americans exercise caution while traveling there. For more information, please visit http://travel.state.gov/travel/warnings_consular.html

➔ Visa Requirements

- ✦ Visas are required for entry into Lebanon and may be obtained at Lebanese embassies (<http://www.lebanonembassy.org>) and consulates, or upon arrival at Beirut International Airport (only for holders of American, Canadian and Western European passports). Travelers whose passports contain Israeli stamps or visas are routinely refused entry at the airport. If holders of Arab passports contain Israeli stamps or visas, they may be subject to arrest and imprisonment. Persons, including dual national Lebanese, suspected of having traveled via Israel during the 1982-2000 Israeli occupation of southern Lebanon, may also be subject to interrogation or detention.



U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Beirut Consular Website: <http://lebanon.usembassy.gov>

➔ Telecommunications

- ✦ International calls are possible. The domestic public phone network is generally reliable. Various private cellular telephone and fax facilities exist. Prepaid cellular cards are widely available. Cellular phones may be rented for the duration of a visit. Internet service is available starting at a monthly subscription fee of about \$10 for unlimited access and is accessible to visitors at many hotels and a multitude of Internet cafes. Western Union has over 170 branches (many open 24 hours and on weekends) to facilitate wire transfers. DSL internet connection was recently introduced in Lebanon in 2007. For more information, please visit <http://www.ogero.gov.lb>.

➔ Transportation

- ✦ Although many international airlines serve Beirut, a 1984 U.S. Presidential Determination prohibits direct air links between the U.S. and Lebanon. Lebanon lacks adequate public transportation, but private, un-metered taxis and shared cabs are plentiful in and around the capital. Rental cars are readily available at a daily cost of \$20 and up, depending on the type and model of the car.

➔ Language

- ✦ Arabic is the official language. French and English are widely spoken.

➔ Health

- ✦ Most pharmaceuticals and health-related products are readily available in the local market. Private hospitals in Beirut and surrounding areas provide modern care. Doctors and hospitals often expect immediate cash payment for services if health insurance is not available.

Lebanon offers visitors a wide variety of foods and restaurants offer a variety of cuisines. The Lebanese take pride in their internationally renowned culinary talents and restaurant quality is considered to be outstanding.

➔ Local Time, Business Hours, and Holidays

- ✦ Local time is GMT plus two in the winter, and GMT plus three in the summer. Government offices hours: 8:00 AM - 2:00 PM Monday through Thursday; 8:00 AM - 11:00 PM on Friday; and 8:00 AM - 1:00 PM on Saturday. Bank counters: Monday through Friday: 8:30 AM - 12:30 PM (some bank counters remain open

Business Travel

until 3:00 PM or 4:00 PM); Saturday 8:00 AM to 12:00 noon. Private office hours vary and some exceed the 40-hour workweek. The following dates are considered holidays in Lebanon:

The following dates are considered holidays in Lebanon:

New Year's Day (Jan. 1); St. Maroun's Day (Feb. 9); Feast of Ramadan (Variable); Good Friday and Easter Monday, Western Rite (Variable); Labor Day (May 1); Friday and Easter Monday, Eastern Rite (Variable); Martyr's Day (May 6); Feast of Al-Adha (Variable); Ashura (Variable); Islamic New Year (Variable); Assumption Day (Aug. 15); Prophet's Birthday (Variable); Independence Day (Nov. 22); and Christmas (Dec. 25). In the case of Lebanese holidays which fall on Saturday or Sunday, Lebanese Government regulations prohibit the granting of an alternate day of holiday, except for Labor Day.

➔ Temporary Entry of Materials and Personal Belongings

- ✦ There are no restrictions on the temporary entry of laptops and software. Temporary entry of exhibit materials requires a Temporary Admission (ATA) carnet, which can be obtained from the Chamber of Commerce. Video and audio disks and tapes may be subject to search and seizure.

➔ Web Resources

- Ministry of Telecommunications: <http://www.ogero.gov.lb>
- Ministry of Economy: <http://www.economy.gov.lb>
- Lebanese Customs Authority: <http://www.customs.gov.lb>.
- U.S. Embassy in Lebanon: <http://lebanon.usembassy.gov>
- Lebanese Embassy in the U.S.: <http://www.lebanonembassyus.org>





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★ Chapter 09

Contacts, Market Research, and Trade Events

- ➔ **Contacts**
- ➔ **Market Research**
- ➔ **Trade Events**

➔ **Contacts**

Ministries:

- Ministry of Administrative Reform: <http://www.omsar.gov.lb>
- Ministry of Agriculture: <http://www.agriculture.gov.lb>
- Ministry of Culture: <http://www.culture.gov.lb>
- Ministry of Education & Higher Education: <http://www.higher-edu.gov.lb>
- Ministry of Economy and Trade: <http://www.economy.gov.lb>
- Ministry of Environment: <http://www.moe.gov.lb>
- Ministry of Finance: <http://www.finance.gov.lb>
- Ministry of Foreign Affairs and Emigrants: <http://www.emigrants.gov.lb>
- Ministry of Industry: <http://www.industry.gov.lb>
- Ministry of Information: <http://www.ministryinfo.gov.lb>
- Ministry of Interior: <http://www.interior.gov.lb>
- Ministry of Justice: <http://www.justice.gov.lb>
- Ministry of Labor: <http://www.clu.gov.lb>
- Ministry of National Defense: <http://www.lebarmy.gov.lb>
- Ministry of Post and Telecommunications: <http://www.mpt.gov.lb>
- Ministry of Public Health: <http://www.public-health.gov.lb>
- Ministry of Social Affairs: <http://www.socialaffairs.gov.lb>
- Ministry of Tourism: <http://www.destinationlebanon.gov.lb>
- Ministry of Displaced: <http://www.rebuildlebanon.gov.lb>
- Presidency of the Council of Ministers: <http://www.pcm.gov.lb>
- Ministry of Energy and Hydraulic Resources: Beirut, Lebanon
Tel: 961-1-565100/1/2/3/4
- Ministry of Public Works and Transport: Beirut, Lebanon
Tel: 961-1-615773/4/5/6
- Ministry of Youth and Sports: Beirut, Lebanon
Tel: 961-1-426658

Public Agencies:

- Central Bank of Lebanon: <http://www.bdl.gov.lb>
- Council for Development and Reconstruction: <http://www.cdr.gov.lb>
- Investment Development Authority of Lebanon: <http://www.idal.com.lb>
- National Archives: <http://www.can.gov.lb>
- OGERO: <http://www.ogero.gov.lb>
- Port of Beirut: <http://www.portdebeyrouth.com>



Trade Associations:

- American Lebanese Chamber of Commerce: <http://www.amcham.org.lb>
- Association of Banks in Lebanon: <http://www.abl.org.lb>
- Association of Lebanese Industrialists: <http://www.ali.org.lb>
- Chamber of Commerce, Industry and Agriculture - Beirut and Mount-Lebanon: <http://www.ccib.org.lb>
- Chamber of Commerce, Industry and Agriculture - Saïda and the South: <http://www.cciias.org.lb>
- Chamber of Commerce, Industry and Agriculture - Tripoli and the North: <http://www.cciat.org>
- Chamber of Commerce, Industry and Agriculture - Zahlé and the Beqaa: <http://www.cciiaz.org.lb>
- Beirut Trader's Association, Beirut: Lebanon
Tel: 961-1-345735; 347997; 747886
- International Chamber of Commerce: Beirut, Lebanon
Tel: 961-1-200437/8
- Lebanese Businessmen Association: Beirut, Lebanon
Tel: 961-1-320450; 320395
- Lebanese Franchise Association: Beirut, Lebanon
Tel: 961-4-723724
- Professional Computer Association: <http://www.pca.org.lb>

➔ Market Research

- ✦ To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

➔ Trade Events

- ✦ Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Please click on the links below for information on upcoming trade events in Lebanon.

<http://www.iktissad.com>

<http://www.confex-lebanon.com>

<http://www.ifpexpo.com>

<http://www.promofair.com.lb>

<http://www.bielcenter.com>

<http://www.hospitalityservices.com.lb>

Please click on the link below for information on upcoming trade events supported by the U.S. Department of Commerce.

http://www.buyusa.gov/lebanon/en/us_mena_ict_forum.html

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★ Chapter 10

Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

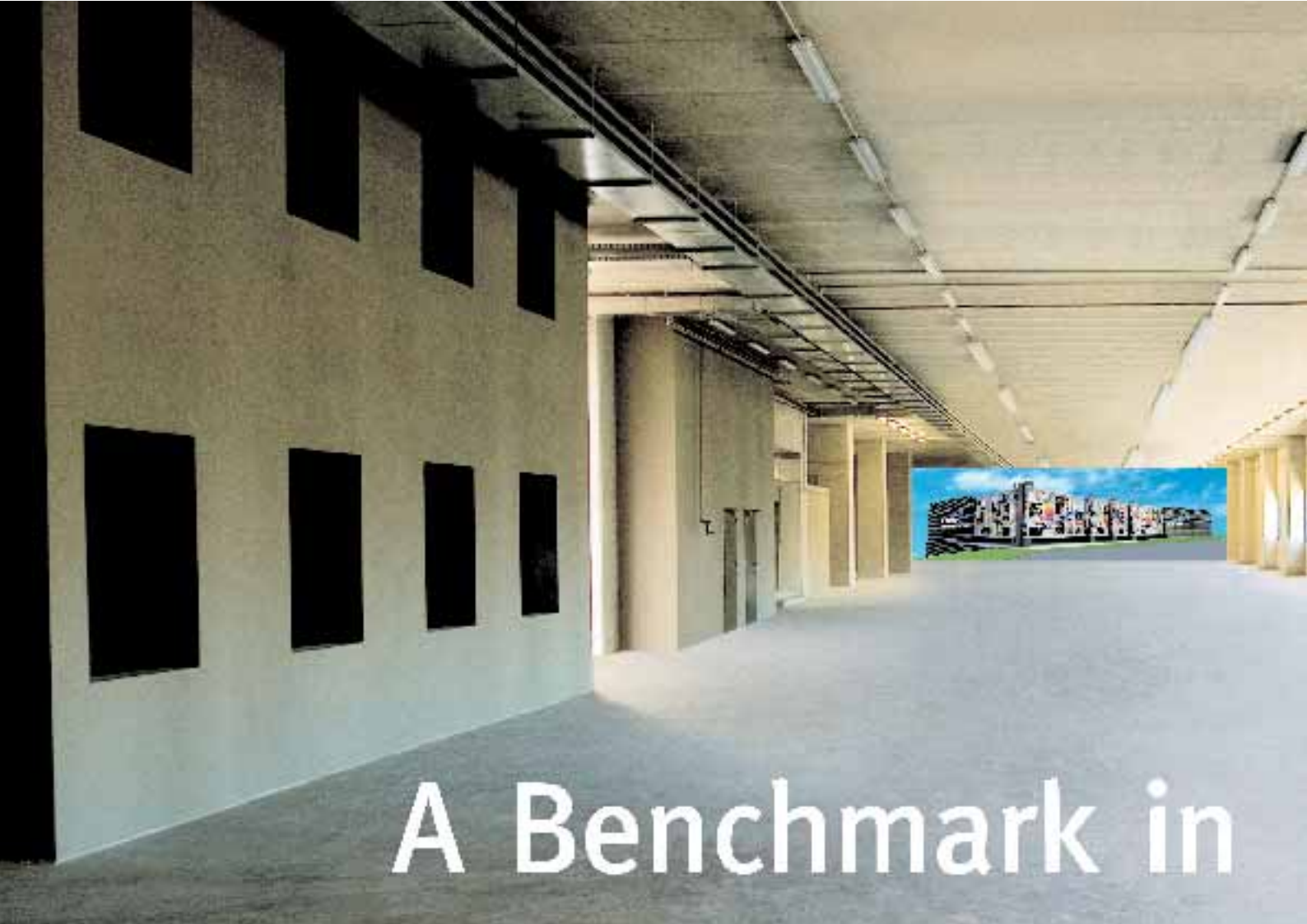
- *Target the best markets with our world-class research*
- *Promote your products and services to qualified buyers*
- *Meet the best distributors and agents for your products and services*
- *Overcome potential challenges or trade barriers*

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/lebanon/en>

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.



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Beirut Container Terminal	32,000
CSX World Terminals (Hong Kong)	20,492
Middle East Ports	16,276
Dubai Ports Authority	14,475
World average	15,925

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